

# Glasgow Life or Death

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In summer 2008, *Variant* published an analysis of Culture and Sport Glasgow (CSG), based on an examination of its key personnel and the consequences for the city's culture their ethos implies.<sup>1</sup> This research pointed to the subordination of Glasgow's culture and leisure services to business interests, particularly tourism and regeneration, which was perceived to have a detrimental impact on those working in the arts and on the long-term welfare of the city's culture and leisure facilities. It built on concerns, already expressed in *Variant*, that having a private company running the city's culture and leisure services may prove disastrous as democratic accountability was lost and speculative funding sources failed to materialise. Against a backdrop of public sector cuts and deep-seated discontent among CSG's workforce, it seems appropriate to assess whether this has proven to be the case.

The only problem is that CSG seems to have disappeared. The "internal outward facing collective brand"<sup>2</sup> is now known as Glasgow Life and the parent company has been seeking to rename itself Culture and Sport Enterprises. Examining the factors that motivated such a swift re-branding, a mere two years into the life of the twin-headed company, one finds references in CSG material to a lack of coherence across marketing activities affecting its economic performance.<sup>3</sup> Bad press – which including the questioning of CSG's corporate model of governance mentioned above – may also have helped to prompt the name change.

Since the re-branding process began, in early 2009, the company has increasingly sought to distance itself from negative publicity, notably that in reaction to the exhibition and events collectively titled 'sh(OUT): Contemporary Art and Human Rights'. This took place between April and November 2009 at the Gallery of Modern Art (GoMA), one of CSG's flagship venues, as part of its Social Justice Programme. A summer-long furor erupted, centred on the outreach project 'Made in God's Image', which included artwork by gay part-time minister, Jane Clarke, containing a blank bible into which visitors who had felt excluded from the good book could inscribe themselves. A campaign, spearheaded by the religious group, Christian Watch, protested vociferously against this gesture (or, rather, against the messages) and, in December 2009, a related website called CSG Watch<sup>4</sup> was launched, to protest against what was presented as a misuse of taxpayers' money. While the flagrantly homophobic group claimed that Culture and Sport Glasgow had anti-religious intent, the campaign elicited an article, written from the perspective of CSG Chief Executive, Bridget McConnell, in *The Times*.<sup>5</sup> Under the heading 'It's as if they want me executed', says culture chief enduring hate campaign', McConnell is proffered as the victim of a witch-hunt, verging on violence, while the article claims misrepresentation and expresses concerns about the damage done to her professional reputation.

Other problematic media coverage that may have informed CSG's change of corporate identity includes various damning critiques of the practice of setting up arm's length external organisations (ALEOs). At a board meeting on 31st March 2010, its chair, Bailie Elizabeth Cameron, sought to reassure those assembled that "none of the references in the press related to CSG and that the company, being a charity, was very different to some of the organisations referred to".<sup>6</sup> While the charitable status of one of the two companies making up CSG is said to act as a safeguard against directors taking the high remuneration found at some other council ALEOs,<sup>7</sup> a service agreement between Glasgow City Council and City Property signed two days before the CSG board meeting makes no such distinction, in that ALEOs are defined as "any arm's length external organisation in which the council has an ownership

share, including [...] Culture and Sport Glasgow".<sup>8</sup>

For those engaged in promoting the city's image, such as CSG, this critical coverage was quickly followed by yet more negative attention in the national media ensuing from the downfall of the leader of Glasgow City Council, Steven Purcell. Before his public disgrace, Labour's young rising star had been responsible for the creation of several council-derived ALEOs and served as a board member of CSG from its inception.<sup>9</sup> In the minutes of a CSG board meeting held on 25th November 2009, acknowledgment was made that Purcell had been withdrawn from office (according to a clause in CSG's articles of association which allows Glasgow City Council to remove any of its representatives from the company's board), in September 2009, almost six months before Purcell's fall from grace became public on 2nd March 2010.<sup>10</sup> Personal scandal aside, Purcell was eventually reported to have been heading a local authority caught up in a web of "cronyism" and an "elaborate system of political patronage".<sup>11</sup>

At the same November board meeting, a rebranding presentation was given by Lynne McPhee, CSG Marketing and Communications Manager, and Simon Farrell, Managing Director of Tayburn, on the new makeover being proposed by Tayburn. At this point, the long-standing CSG board member and newly reappointed chair of its audit committee, Sir Angus Grossart, "declared an interest in this item as Noble Grossart Ltd were shareholders in Tayburn".<sup>12</sup> This issue will be returned to later; for now, it is interesting to consider the re-branding process in more detail.

## Re: Branding

In February 2009, a brief was issued with the aim of appointing a procurement company to source two agencies – one to carry out a total re-evaluation of the CSG brand architecture and the other to overhaul its website. The branding tender signalled a desire to move away from the hastily configured in-house brand – which had allowed the "customer facing brands" (Glasgow Museums, The Glasgow Club, etc.) to take priority – towards an over-arching corporate identity.<sup>13</sup> Three procurement agencies pitched for the role of appointing two agencies: the Edinburgh-based Observatory and two companies from London – Agency Assessments International and creativebrief. But something seemingly odd happened when CSG put out the tender. According to CSG's information manager, the initial tender was issued on Tuesday 17th February 2009, with a return date of the following Monday (23rd February).<sup>14</sup> However, Observatory had already submitted its proposal on 4th February, with the covering email referring to a conversation having taken place between CSG Marketing and Communications Manager, Lynne McPhee, and Observatory Partner, Andy Crummey on 2nd February, over two weeks before the official tender was issued.<sup>15</sup> On 2nd March, a representative from creativebrief sent an email enquiring whether their proposal had been successful and was told that a response would be forthcoming in the next few days, once an important sponsorship issue had been attended to. By 12th March creativebrief had still not received notification of any decision, and again emailed, to be told by McPhee that she would be back in the office the following day and hoped to get the matter finalised then and be in touch soon afterwards. However, by 12th March, Observatory had already been appointed<sup>16</sup> and was in full flow with discussions around the schedule for the branding tender. By the morning of 23rd March, creativebrief had still not been informed of the decision. This uneven treatment of the various procurement companies conceivably skewed the whole rebranding process from the outset. According to the Procurement Manual and

## Notes

- 1 Rebecca Gordon Nesbitt, 'The New Bohemia', *Variant*, summer 2008, pp. 5-8 <http://www.variant.org.uk/pdfs/issue32/Variant32RGN.pdf>
- 2 See note 5(3) in Minute of a Meeting of the Board of Directors of CSG27 January 2010.
- 3 See, for example, note 5(1) in Ibid.
- 4 <http://www.csgwatch.com/> was set up, on 24 November 2009, by David Crowter on behalf of Christian Watch, citing an address in Warwickshire.
- 5 Melanie Reid, 'It's as if they want me executed, says culture chief enduring hate campaign', *The Times*, 22 January 2010 <http://www.timesonline.co.uk/tol/news/uk/scotland/article6997613.ece> (accessed 13 November 2010).
- 6 See note 1(a) in Minute of a Meeting of the Board of Directors of CSG31st March 2010.
- 7 This assertion was made by Bridget McConnell following her lecture entitled 'Culture and Sport: A Matter of Life and Death?' at Robert Owen School, New Lanark, 14th May 2010 and confirmed by a Glasgow Life spokesperson on 15 December 2010: 'All members of our Board sign up to our Code of Conduct and none receive financial remuneration [sic] for their work'. Page 24 of CSG Ltd Report and Group Financial Statements 31st March 2010, held at Companies House states that "No remuneration or expenses were paid to directors in their capacity as directors. However, one of the directors [Bridget McConnell] was employed by the company and received total remuneration in their capacity as an employee" of £132,413 from 1st April 2009 (precise figure released under the Freedom of Information Act, 10th June 2010).
- 8 Undated Service Agreement between Glasgow City Council and City Property effective from 29th March 2010, held by Glasgow City Council legal department and viewed under the terms of the Local Authority Accounts (Scotland) Regulations 1985 which permits local authority accounts and related contracts to be inspected during a 15-day period every year.
- 9 Steven Purcell's name, address and signature appear on the Certificate of Incorporation for CSG lodged at Companies House on 22nd December 2006. According to page 1 of CSG Ltd Report and Group Financial Statements 31st March 2010, held at Companies House, Purcell resigned as a director of CSG on 10th September 2010. For a lyrical account of Purcell's departure, see Clayton Z. Cross on The Absolute Limit, 5th April 2010 <http://theabsolutelimit.com/?p=377>
- 10 See note 3(1)(b) Minute of a Meeting of the Board of Directors of CSG 25th November 2009.
- 11 Neil Gray and Leigh French, 'The empire in miniature', *Scottish Left Review*, issue 58, June 2010
- 12 See note 6 Minute of a Meeting of the Board of Directors of CSG, 25th November 2009.
- 13 CSG Branding Tender – February 2009 released to the author under the Freedom of Information Act on 10th June 2010.
- 14 Letter from Pamela Tulloch to the author, dated 27th August 2010, in response to a request for clarification of information released under the Freedom of Information Act.
- 15 The email from Andy Crummey to Lynne McPhee, dated 4th February 2009, released to the author under the Freedom of Information Act, reads 'Here are the proposals as discussed on Monday' [2nd February].
- 16 An email from Lynne McPhee, dated 12th March, released to the author under the Freedom of Information Act on 10th June 2010, discusses a meeting with a representative from The Observatory, who "have been appointed by us to run the Brand and Digital Tenders". A letter to the author from Pamela Tulloch, dated 27th August 2010, describes how the scoring of procurement agencies was undertaken by McPhee and the Head of Performance and Service Quality.
- 17 The Observatory, *Search and Selection Process for a Brand Planning Agency to work with Glasgow Culture and Sport*, 4th February 2009, released to the author under the Freedom of Information Act.
- 18 The consideration list included 999 Design, Clayton Graham, Elmwood (appointed by G2014 to develop a brand strategy for the Commonwealth Games), Freight, Good Creative, Leithal Thinking, Merle, Navy Blue, One O'Clock Gun, Radley Yeldar, Red Spider and Tayburn. With a cited turnover of £3.5m, Tayburn was one of the smaller agencies on this list; Clayton Graham was later withdrawn from the process. The Observatory, *CSG Brand Strategy Agency Search and Selection: Consideration List to Chemistry List*, 25th March 2009, released to the author under the Freedom of Information Act.
- 19 The seven with which chemistry meetings were conducted were Tayburn, Leithal Thinking, Elmwood, Good Creative, Clayton Graham, Merle and Red Spider. Ibid.

Rules Relating to Contracts for Glasgow Life, any contracts worth between £5,000 and £20,000 require quotations from a minimum of three suppliers, which begs questions about whether the two London-based agencies were simply making up the numbers. Based on the submitted briefs, Observatory does not stand out for its excellence, referring to “Glasgow Culture and Sport” (as opposed to Culture and Sport Glasgow) in its opening sentence.<sup>17</sup> Yet, this agency was personally contacted by McPhee, which makes its subsequent methodology worthy of scrutiny.

Following the appointment, Observatory approached Scottish-based branding agencies, drawing up a consideration list of twelve,<sup>18</sup> of which seven<sup>19</sup> were recommended to take part in “chemistry meetings” in Edinburgh and Glasgow on 31st March and 3rd April, 2009. The first of these meetings was with Edinburgh-based agency, Tayburn, which set the benchmark for the other agencies. While creativebrief claims “true objectivity” by abstaining from chemistry meetings in order to “demonstrate that we cannot influence the client’s final decision on who wins the business”, Tayburn was not only represented at the meetings but also expressed opinions on them.<sup>20</sup> On 1st April, before the Glasgow agencies had been seen, Observatory enthused by email to CSG: “very impressed with Tayburn, very disappointed with Elmwood!”<sup>21</sup> Further meetings followed, during which four short-listed agencies<sup>22</sup> were asked to make final pitches. A scoring matrix was drawn up and the branding evaluated by CSG’s Director of Corporate and Community Planning Services (Susan Deighan), Head of Marketing (Lynne McPhee), Marketing Manager and Director of Commercial Development and Fundraising (Anthony McReavy), together with the Head of Marketing from Glasgow City Council.<sup>23</sup> During this process, Tayburn secured just one point more than its closest competitor, Red Spider. When a shortlist was drawn up for the next phase of the branding, such a narrow margin was flagged up as cause for concern, as it was felt that there was “no clear gap to differentiate”.<sup>24</sup> Yet no such concerns were raised at this earlier stage and Tayburn was duly appointed in late May 2009.<sup>25</sup> Thus, a hand-picked procurement company steered CSG to appoint a branding agency, with which Bridget McConnell had already worked, on the branding strategy for Glasgow’s Commonwealth Games bid<sup>26</sup> – and in which one of its board members, Sir Angus Grossart, had a financial interest.

Following a series of meetings with CSG senior management and staff, Tayburn produced a strategy update in late July 2009. In this, the Edinburgh-based agency acknowledged the two sides of Glasgow; the cosmopolitan city it aspires to be, contrasting with its status as “one of Europe’s sickest cities with high unemployment, high drug use, low life expectancy and some of the most deprived areas in Scotland. It is a city without hope”.<sup>27</sup>

## WHO

*Closing the Gap in a Generation: Health equity through action on the social determinants of health*, a World Health Organization (WHO) report, published in August 2008, argued: “The development of a society, rich or poor, can be judged by the quality of its population’s health, how fairly health is distributed across the social spectrum, and the degree of protection provided from disadvantage as a result of ill-health”.<sup>28</sup> Based on the findings of a WHO Commission on Social Determinants of Health set up in 2005, the report cites inequality as a major determinant of health. This idea has been expanded upon by UK academics, Richard Wilkinson and Kate Pickett, in their book *The Spirit Level*,<sup>29</sup> in which they argue that unequal distribution of wealth, rather than poverty *per se*, is the major determinant of life expectancy.<sup>30</sup>

As might be expected, Glasgow is mentioned in the WHO report, appearing twice in a table of male life expectancy, showing that a man living in Lenzie can expect to reach the age of 82 while his counterpart in Calton has the average life expectancy of just 54.<sup>31</sup>

Picking up on the WHO report and a 2007 map of Britain’s millionaires, which listed Glasgow in

seventh place (five places ahead of Edinburgh), journalist, Julien Brygo, met with some of the beneficiaries of the city’s inequality. Interviewing a handful of wealthy Rotarians, Brygo found that “The clichés of the Victorian era – that the rich are beautiful, wise and generous, the poor lazy and alcoholic – persist”.<sup>32</sup> Ironically, just a few months before, Bridget McConnell had stated that “Glasgow was one of the first cities in Britain where business leaders accepted [the philanthropist, Robert] Owen’s premise that poverty wasn’t simply due to the moral failing of individuals, but a result of low wages, unemployment, poor housing, lack of amenities and education”.<sup>33</sup> However, after talking to the business leaders of Glasgow, Brygo found that the issue of:

“The gap in life expectancy has been removed from politics and the public domain [in Glasgow], and geographical segregation ensures the wealthy remain sealed off from the poor. That social apartheid is allowed to exist without comment illustrates how class struggle has been redefined in traditional, almost reassuring, terms over the last 30 years. Just as in the 19th century, the wretched poor live alongside the philanthropic rich.”<sup>34</sup>

We shall return to these conflicting perspectives of the city; for now, let us consider the purpose Tayburn ascribed to CSG – that of making “vibrant Glasgow more vibrant” and also giving “deprived Glasgow hope; access to learning, taking part in activities and a gateway to the vibrant side of the city”.<sup>35</sup>

## Get the most out of Glasgow

In order to facilitate this dual role, Tayburn proposed “testing a range of branding architectures with a cross-section of customers (and stakeholders) to establish the optimum relationship between the various levels of brand”.<sup>36</sup> This it duly did, with three options being given – an endorsed relationship (like the BBC) “where the product brand is the hero as far as customers are concerned”; a “Sky type of approach where category brands are given more prominence” (Sky Sports, Sky News, etc); and “a new customer brand – the creation of an overarching new brand (ie, not CSG)”.<sup>37</sup> At a breakout session following a Tayburn presentation on 14th August 2009, option one was rejected as not being radical enough; option two “was received quite favourably [...] The group liked this option, although it did not drop ‘Culture and Sport Glasgow’ as a name”; the final option, of creating an entirely new brand, was also greeted favourably, although “All preferred ‘Glasgow’ (with the message ‘Get the most out of Glasgow’) as opposed to ‘Glasgow Life’”.<sup>38</sup>

By January 2010, Tayburn asserted that, although this name had taken a bit of coming to terms with, “the majority of respondents (80%-85%) saw the change to Glasgow Life as positive”.<sup>39</sup> In the same document, Tayburn dismissed those who did not like the name as “older, more conservative people and certainly from a staff perspective those who had been in the organisation for a long time”.<sup>40</sup> Quite which organisation this refers to is ambiguous as Culture and Sport Glasgow was then just over two years old and its name would be unlikely to have secured such abiding loyalty. At a board meeting on 27th January 2010, Lynne McPhee hailed “the results and observations of tests in respect of the new branding ‘Glasgow Life’, which showed an 80%-85% favourable outcome”.<sup>41</sup>

By late October 2010, the tendering process was repeated as phase two of the re-branding began, procured internally this time.<sup>42</sup> A shortlist of six<sup>43</sup> was drawn up which included Tayburn. Given that the “creative route” had already been defined by Tayburn, this left little scope for agencies to engage creatively with the brief, causing one of those short-listed to withdraw.<sup>44</sup> This time, the branding proposals were evaluated by Deighan, McPhee and McReavy without a representative from Glasgow City Council.<sup>45</sup> Not surprisingly, Tayburn emerged the most appropriate agency to develop the branding it had already defined.<sup>46</sup>

Contradictory though it may seem, the primacy given to the city in the name Glasgow Life

- 20 creativebrief response to Culture and Sport Glasgow, Marketing Procurement Brief, emailed to CSG on 25 February 2009, released under the Freedom of Information Act.
- 21 Email from Observatory to CSG, 1st April 2009 released under the Freedom of Information Act.
- 22 Good Creative, Red Spider, Tayburn, Merle.
- 23 Letter to the author from Pamela Tulloch, 27th August 2010.
- 24 CSG email, dated 21st October 2009, released to the author under the Freedom of Information Act.
- 25 However, a letter of agreement was not signed between the two parties until 25th November 2009 (Tayburn) and 21st December 2009 (CSG), the delay being caused around a technicality relating to the level of professional indemnity insurance possessed by Tayburn (£2m instead of the requisite £5m). Information released to the author under the Freedom of Information Act.
- 26 According to the list of McConnell’s directorships, available at Companies House, she was appointed as a director of Glasgow 2014 Ltd on 25 April 2008. For details of Tayburn’s strategy, see [http://www.tayburn.co.uk/case\\_study\\_gallery/glasgow.php](http://www.tayburn.co.uk/case_study_gallery/glasgow.php)
- 27 See page 1 of Tayburn, *CSG Brand Strategy Update*, drafted on 27th July 2009, released to the author under the Freedom of Information Act.
- 28 WHO Commission on Social Determinants of Health, *Closing the Gap in a Generation: Health equity through action on the social determinants of health* (Geneva: World Health Organisation, 2008), available at [http://whqlibdoc.who.int/publications/2008/9789241563703\\_eng.pdf](http://whqlibdoc.who.int/publications/2008/9789241563703_eng.pdf). Also see accompanying media release at <http://www.who.int/mediacentre/news/releases/2008/pr29/en/index.html>
- 29 Richard Wilkinson and Kate Pickett, *The Spirit Level: Why Equality is Better for Everyone* (London: Penguin, 2010).
- 30 For evidence of attempts by right-wing think-tanks to discredit Wilkinson and Pickett’s research, see Editorial, ‘The Spirit Level: Spooking the right’, *The Guardian*, 26 July 2010, at <http://www.guardian.co.uk/commentisfree/2010/jul/26/the-spirit-level-society-criticism?intcmp=239>
- 31 See Table 2.1 in WHO Commission on Social Determinants of Health, op cit., p. 32.
- 32 Julien Brygo, ‘Glasgow’s Two Nations’, *Le Monde Diplomatique*, September 2010. See <http://mondediplo.com/2010/09/13glasgow>
- 33 Bridget McConnell, ‘Culture and Sport: A Matter of Life and Death?’, op cit.
- 34 Julien Brygo, ‘Glasgow’s Two Nations’, op cit.
- 35 Tayburn, *CSG Brand Strategy Update*, op cit., p. 1.
- 36 Ibid, p. 3.
- 37 Loc cit.
- 38 Notes on breakout session following brand presentation on 14 August 2009 supplied by email to Tayburn on 18th August 2009 released to the author under the Freedom of Information Act on 10th June 2010.
- 39 Tayburn, *CSG Strategy Overview (Phase 2)*, January 2010, released to the author under the Freedom of Information Act.
- 40 Loc cit.
- 41 See note 5(4) in Minute of a Meeting of the Board of Directors of Culture and Sport Glasgow, 27 January 2010.
- 42 Letter to the author from Pamela Tulloch, 20th June 2010.
- 43 Tayburn, Graven Images, 999, Redhouse Lane, Elmwood and Freight according to information released to the author under the Freedom of Information Act.
- 44 Email of 3rd November 2009 from Graven Images to CSG released to the author under the Freedom of Information Act.
- 45 Letter to author from Pamela Tulloch, 27th August 2010.
- 46 Branding Tender Phase 2, Contract Reference GCC001781CL released to the author under the Freedom of Information Act. Tayburn was advised of this decision on 10th November 2009
- 47 Email from Tayburn to CSG immediately following the initial presentation of the brand strategy (scheduled for 3rd July 2009), released to the author under the Freedom of Information Act.
- 48 See note 7(1)(c)(iii) Minute of a Meeting of the Board of Directors of CSG 31st March 2010.
- 49 Report prepared for the meeting of Glasgow City Council Executive Committee on 1st April 2010, released to the author under the Freedom of Information Act. Email correspondence between Susan Deighan and Annemarie O’Donnell in the legal department of GCC reflects a desire on the part of the council for Glasgow to be maintained in the parent company. O’Donnell writes about the possibility of establishing a subsidiary body called “Culture and Sport Enterprises with the parent Glasgow Culture and Sport Enterprises reflecting its principle [sic] business”. Having discussed this with Bridget McConnell, Deighan asked O’Donnell to withdraw the paper pending further discussion with the CSG board.

actually suggests a move away from core activities centred on Glasgow. After the first presentation of the initial brand strategy to CSG management, Tayburn emphasised that “the unifying proposition needs amending to include the creating of ‘beacon’ type activities and apply to people in general rather than the people of Glasgow”.<sup>47</sup> This de-prioritisation of the people of Glasgow is reflected in a note at a March 2010 board meeting, which outlines “the need for new innovative ways of working ranging from the provision of services outwith Glasgow”<sup>48</sup> and the stated desire for the parent company to become Culture and Sport Enterprises, whereby “A more generic name will help facilitate trading across the city and a wider geographic area”.<sup>49</sup> Evidently, the re-branding consolidates a more entrepreneurial attitude towards culture, and facilitates the potential for this market-led cultural governance to be rolled out across other cities and regions, from ‘Edinburgh Life’ to ‘Fife Life’.<sup>50</sup>

Besides strategic considerations, the implications for public relations of the re-branding exercise are problematic for CSG in view of Glasgow’s world-beating inequality. On this point, Tayburn anticipated that this would not be a popular move in a recession, pre-empting that “due to the current climate and imminent cutbacks there will be negativity towards the new brand, (Why are we needlessly spending money when staff hours are being reduced and facilities closed?)”.<sup>51</sup> According to the CSG Information Manager, the agency fees and expenses related to the re-branding cost £53,000.<sup>52</sup> It is unclear exactly where this figure comes from, since Tayburn phase one cost £22,655<sup>53</sup> and phase two cost £34,109,<sup>54</sup> which totals nearly £57,000. This figure does not include the procurement of Tayburn by Observatory, during meetings taking place over two months, for which the agency was contracted to be paid £10,500<sup>55</sup>; nor does it include the costs of reprinting stationery, merchandise and signage.

## Sir Angus

Let us return to the afore-mentioned link between Tayburn and CSG board member, Angus Grossart. According to information at Companies House, all but one of the 20,000 shares in Tayburn Ltd<sup>56</sup> (worth almost £600,000)<sup>57</sup> are owned by Tayburn Holdings Ltd and it is in this parent company that Noble Grossart Investments Ltd has a significant interest.<sup>58</sup> Tayburn Holdings is entitled to take in excess of £400,000 from Tayburn Ltd in management charges each year, accounting for a sizeable proportion of the latter company’s payments, totalling £900,000, to creditors. It is also noteworthy that, by the end of March 2009, Tayburn Ltd owed the holding company £146,632, suggesting that cash was not flowing as it should.<sup>59</sup> But, perhaps most significantly, the declared profits of Tayburn Ltd almost halved between 2008 and 2009 from £61,689 to £32,584.<sup>60</sup> All of which means that the fees in excess of £56,000 charged to CSG by Tayburn stood to significantly boost profits for the following financial year, enabling it to clear some of the management fees owed to the holding company in order for the shareholders (including Noble Grossart) to be paid a dividend. Added to this, the contract with CSG would raise the profile of Tayburn and boost its viability as a going concern at a time when few re-branding contracts were forthcoming. Factors such as these are indirectly reflected in the accounts of Noble Grossart Investments Ltd, which saw profits increase from £3.8m to £5.2m over the past financial year, with the value of its investments growing from £17m to £23m and its shareholders’ interest increasing from £52m to £57m over the same period.<sup>61</sup> Be that as it may, the conflict of interest between Noble Grossart and Tayburn that Sir Angus declared at the CSG board meeting is not mentioned in the related party transactions of the CSG accounts, which raises questions about transparency and accountability. Judging by the interests Grossart does record in this section – as Chairman of the *Scottish Daily Record* and the *Sunday Mail* – this factor is unlikely to be reported in sections of the press.<sup>62</sup> And, while a spokesperson from Glasgow Life insists that ‘the tendering exercise for the rebrand of Culture and Sport Glasgow was detailed, transparent and open. The Board were not involved in the appointment

## Profits Turning into Losses at Culture and Sport Glasgow (Operating as Glasgow Life)



of, nor approval for, the contract, which was delegated under authority’,<sup>63</sup> no legislative mechanisms exist to prevent board members from profiting from the company’s activities.

It is only when we reach the ultimate parent company, Noble Grossart Holdings Ltd, that the extent of Angus Grossart’s investment is revealed. In the annual return for that company to the end of March 2010, Grossart is cited as owning 35% of shares, with his daughter holding a 17% stake. Another interesting fact that comes to light in scrutinising this return is that Ewan Brown, erstwhile chair of the transition board of Creative Scotland – who joined Noble Grossart in 1969 – still owns a 5.6% share of the company, with his wife owning 1.5% and both having “discretionary trusts” bearing their names to which shares are allocated.<sup>64</sup> Despite the implication by the Scottish Government that his directorship in the group was relinquished in December 2003 in favour of non-executive status,<sup>65</sup> Ewan Brown is also cited as the only other director of the holding company, alongside Sir Angus, and as the first of five directors at Noble Grossart Ltd.<sup>66</sup> On the subject of personnel, it is interesting to note that the finance director, Roger Brown, who serves as the only co-director (with Sir Angus) of Noble Grossart Investments,<sup>67</sup> is also cited as the first of four directors of Tayburn Holdings,<sup>68</sup> giving him control over how the re-branding company is run.

In the annual accounts for the holding company in the year ended 31st January 2010, Angus Grossart draws attention to the £10.1m profit that the company made, which allowed the directors to take a dividend of £4.5m between them, alongside a salary for their highest paid director of £531,000.<sup>69</sup> This adds to Sir Angus’s already considerable wealth, estimated at £120m in the 2009 *Sunday Times* Rich List, which, despite dropping £30m, will no doubt see him courted for his philanthropy for some time to come.<sup>70</sup>

## Viability & Liability

The financial management of CSG (as it is still known for accounting purposes) has been a source of concern since the twin companies were formed. A summer 2007 article in *Variant*, based on information from Unison, outlined the rationale for devolving council services to private trusts on the basis of presumed savings in tax and rates. Already at that time, it was suggested that

50 See Kenneth Roy, ‘As the axe falls on Scotland, our cultural tsars are working for Moscow’, *Scottish Review*, 17th November 2010, at: <http://www.scottishreview.net/KRoy47.shtml>

51 Branding Roll-out sent by email on 8th March 2010 released to the author under the Freedom of Information Act on 10th June 2010.

52 A letter to the author from Pamela Tulloch, 27th August 2010 states: “The rebranding exercise costed [sic] £53,000. This included all agency fees and expenses”.

53 According to information released to the author under the Freedom of Information Act, a fee of £19,700 payable in four instalments + VAT (calculated here at the 15% rate in effect from 1st December 2008 to 31st December 2009) was included in the Minute of Agreement between CSG and Tayburn. An email from Tayburn to CSG shows that phase one was concluded on 8th October 2009.

54 According to page 24 of Tayburn’s Branding – phase 2 document, dated 5th November 2009, which details a fee of £29,660 plus VAT (£4,449) to give a final figure of £34,109.

55 An invoice, dated 31st March 2009, accounts for £9,500 of this and one dated 22nd June 2009 covers £350.95 in expenses.

56 According to the Annual Return of Tayburn Ltd for the period ending 14th June 2010 held at Companies House.

57 Tayburn Limited Abbreviated Accounts for the year ended 31st March 2009 cite shareholders funds (including called up share capital and profit and loss account) having a value of £599,512.

58 According to the Annual Return of Tayburn Holdings Ltd for the period ending 26th September 2009, held at Companies House, Noble Grossart Investments Ltd holds 21,367 of 179,899 ordinary shares (11.8%) and 97,315 of 119,932 ordinary A shares (81%), totalling a 40% share in the company, both types of share valued at £1 each, with A shares having priority over ordinary shares (see page 4 of Tayburn Holdings Limited Unaudited Abbreviated Accounts for the year ended 31st March 2009, held at Companies House).

59 This, in turn, accounts for a significant proportion of the debtors cited by Tayburn Holdings at £177,800 and of its annual turnover of £434,292.

60 These figures are taken from the Unaudited Abbreviated Accounts for Tayburn Holdings Ltd for the Year Ended 31st March 2009, op cit.

61 See Noble Grossart Investments Ltd Report and Accounts 31st January 2010 available at Companies House.

62 See page 38 of CSG Ltd Report and Group Financial Statements 31st March 2010, held at Companies House. This conflicts with other information available at Companies House which suggests that Grossart resigned from his directorship of the *Daily Record/Sunday Mail* on 10th May 1007.

63 In correspondence with the author, 15 December 2010.

64 See Annual Return for Noble Grossart Holdings Ltd, dated 30th March 2010, held at Companies House.

the democratic accountability lost through this process was unlikely to be compensated for by improvements to services. More than three years ago, it was possible to say that: "Findings show that many such trusts suffer funding problems as council support is phased out, while private donations either fail to materialise or do not consistently deliver the funding required to maintain services".<sup>71</sup> With this in mind, it is useful to measure the performance of CSG against these indicators.

Taking the first point – the loss of democratic accountability – one might ask how the desire for a company to present its best possible face to the public might be grounded in decisions taken at board level. While the minutes of quarterly board meetings held by the ALEO's charitable arm are posted online, there is no such obligation to explicate decisions undertaken by the trading arm. Added to this, the charitable arm of CSG has initiated a practice of organising meetings of the directors away from recording by minute-takers. At the March 2010 meeting, the board requested that the Chief Executive "arrange a Board 'Away Day' to discuss in detail the way forward for the company",<sup>72</sup> whereby "the Company's future strategic plan would be discussed at the Director's Away Day proposed by the Chief Executive".<sup>73</sup> At the next quarterly meeting, the board again requested an Away Day "to discuss in detail the way forward for the Company".<sup>74</sup> This was scheduled to take place after a board meeting on 2nd September. However, a request for minutes or details of 'Away Days' elicited the response: "On inspecting our records [...] it would appear that CSG does not hold the information which you have requested. Neither does anyone else hold it on our behalf".<sup>75</sup> Yet, the company continues to assert that 'Glasgow Life fully complies with FOI legislation and is subject to scrutiny by Glasgow City Council'.<sup>76</sup>

On the issue of the financial viability of ALEOs, concern has been growing over the council's willingness to maintain support for them. In autumn 2009, as momentum gained in the public sector for using the global financial crisis as an excuse for cuts, CSG was informed that the service fee payable by Glasgow City Council was to be reduced by an initial £1.7m a year,<sup>77</sup> likely to increase over the next three years.<sup>78</sup> Representing 2.3% of the service fee payable to CSG,<sup>79</sup> this was apparently due to the council's budget planning process, for which there is provision in the Service Agreement signed by the two parties.<sup>80</sup> This state of affairs was reported to the CSG board at the September 2009 meeting and, rather than concentrating on ways to plug this already substantial shortfall, a need for further savings was outlined due to rising utility costs and pension contributions and reduced income forecasts with the end of a highly commercial Dr Who exhibition.<sup>81</sup> By the time of the next board meeting, in November 2009, this revision of spending had translated into "a strategy for reducing Culture and Sport Glasgow's expenditure by £3.4m for 2010/11",<sup>82</sup> thus doubling the cut to be imposed by the loss of council funding. It is worth mentioning that, during the September 2010 board meeting, an even bleaker prognosis was given, which took into account the likelihood that the Scottish Government would also decide to "protect key service areas which would inevitably mean much larger cuts for the organisation".<sup>83</sup> As its operations no longer fall under the auspices of the public sector, CSG will have no protection when government outlines its key services.

Turning to a consideration of where CSG decided the axe would fall, we find that Bridget McConnell delivered a budget and service planning report to the Board at its January 2010 meeting,<sup>84</sup> detailing the following cuts:

- Venues Review £1.196m
- Review of Events £160,000
- Review of Storage Requirements £80,000
- Utilities Efficiencies £200,000
- Review of Staff Terms and Conditions £1.614m
- Income Generation £150,000

## Review of Venues

Bearing in mind the concerns articulated above – that funding under the ALEO model would be inadequate to maintain services – we find that

CSG undertook a review of the venues it manages on behalf of the people of Glasgow. This led to recommendations to close 11 recreation and community centres, of which top priority was given to the Bellrock facility in Calton,<sup>85</sup> where, it will be remembered, men have among the lowest life expectancy in the world according to the WHO. The results of this review were presented to the CSG board,<sup>86</sup> which includes four male independent directors, among them Lord Macfarlane, who has already exceeded the expectations of longevity common to the richest parts of the city. According to the minutes of this and subsequent board meetings, no objections were raised to the proposed abolition of community facilities in some of the poorest parts of the city. It should be added that this lack of dissent extended to the carefully selected councillors appointed to the CSG board, while bailies Gordon Matheson and Alan Stewart were notable by their absence at the meeting.<sup>87</sup> However, the closures needed to be ratified by the full council, which halted the closure of facilities and venues operated by CSG.<sup>88</sup> Thus, a democratically elected group of officials was able to reject the recommendations of an essentially private body. But, despite an assurance that "there are no plans for further closures in the next financial year 2011/12"<sup>89</sup> the issue has not disappeared from the agenda – notes from a quarterly governance meeting between the council and CSG to have taken place on 30 June 2010 indicate 'the need for clarity in relation to processes around the closure of properties'.<sup>90</sup>

It is worth mentioning that keeping Bellrock Community Centre open – including wages, running costs and a substantial one-off programme of investment – was estimated by CSG to cost £358,588;<sup>91</sup> the staging of Glasgow International, a visual arts festival designed to attract tourists to the city that takes place for two weeks every two years, costs £384,000.<sup>92</sup> At the same time as the closure of Bellrock was proposed, adjustments in opening hours were being countenanced for sports facilities and museums across the city, but with the tourist-friendly Kelvingrove, Burrell collection and GoMA being explicitly immune from this process.<sup>93</sup> These actions combine to indicate that tourism remains a central priority for CSG, something evidently in conflict with sustaining local community provision.

As Glasgow City Council has a controlling interest in CSG, the company is treated as a subsidiary within the council's accounts. In a note to Glasgow City Council's Group Disclosure of Accounts, the following entry appears for Culture and Sport Glasgow: "After accounting for FRS 17 'Retirement Benefits', the net liability of the company was £58.106m at 31 March 2010 compared to £9.575m at 31 March 2009. The loss on ordinary activities before taxation at 31 March 2010 was £1.399m compared to a profit of £1.638m at 31 March 2009".<sup>94</sup> Put another way, at the end of the 2009 financial year, CSG owed £9.6m; one year later, it owed £58.1m – a staggering jump of £48.5m. In the financial year ending in March 2009, it made a profit of £1.6m; one year later, it had made a loss (before tax) of £1.4m, a gulf of £3m. As is the tendency of such documents, the Annual Review 2009-10 dwelt on the positive, preferring to represent income and expenditure as segments of a whole, rather than a year-on-year comparison. And, while the figures given are for 2009-10, the subheadings point to them being for the previous financial year – a horrendous mistake and failure of managerial oversight, one hopes.<sup>95</sup> In order to understand this picture more fully, we need to examine the accounts for CSG.

Studying documents held at Companies House, the picture of net pension liabilities outlined above is easily confirmed, and it is immediately obvious that a deficit of £48.5m has been run up in the past financial year.<sup>96</sup> At the end of the 2008 financial year, this stood at a mere £2.4m, which seems to suggest an exponential pattern of growth in the pension deficit. A spokesperson from the company explains that 'Changes to reporting of pensions under FRS17 provide a snapshot of any actuarial deficit or surplus, as determined under the reporting structure on a specified date'.<sup>97</sup> While it is true that FRS 17 compels a view of the overall picture in relation to public sector pensions, these accounting standards have been effective for accounts beginning on or after 6 April

65 See the press release from 3 November 2008, entitled 'Chair Appointed to Creative Scotland', on the Scottish Government website which states that 'Mr Brown joined Noble Grossart in 1969 and was an executive director of that company until December 2003. He is a non-executive director of Noble Grossart': <http://www.scotland.gov.uk/News/Releases/2008/11/03111331>

66 See annual returns for the respective companies. According to the list of Ewan Brown's directorships held at Companies House, it would seem that it is only Noble Grossart Investments Ltd from which Brown resigned as director (on 19 December 2003).

67 See Annual Return for Noble Grossart Investments Ltd, dated 30th March 2010, held at Companies House.

68 See Annual Return for Tayburn Holdings Ltd, dated 8th October 2009, held at Companies House.

69 See Noble Grossart Holdings Ltd Report and Accounts 31st January 2010, held at Companies House.

70 See Sunday Times 26th April 2009 [http://business.timesonline.co.uk/tol/business/specials/rich\\_list/rich\\_list\\_2009/article6163833.ece](http://business.timesonline.co.uk/tol/business/specials/rich_list/rich_list_2009/article6163833.ece)

71 'O Rose, thou art sick! Outsourcing Glasgow's Cultural and Leisure Services', *Variant*, issue 29, summer 2007, page 30.

72 See note 7(1)(c)(iii)(C) in Minute of a Meeting of the Board of Directors of CSG 31st March 2010.

73 Ibid, note 8(1)(c)(i).

74 See note 8(1)(f)(C)(ii) in Minute of a Meeting of the Board of Directors of CSG 23rd June 2010.

75 Letter sent by Joe Larkin, CSG Assistant Business Support Manager on 15th October 2010, seen by the author.

76 A spokesperson from Glasgow Life in correspondence with the author, 15 December 2010.

77 See Report by the Chief Executive on Budget and Service Planning, note 9(2)(a) of a Minute of a Meeting of the Board of Directors of Culture and Sport Glasgow, 2nd September 2009 and Budget Plan 2010/11, Report to Board Meeting of 31st March 2010 by Interim Director of Finance, point 6.

78 This is stated in a letter from the Director of Strategic Planning and Corporate Services (Susan Deighan), dated 22nd September 2009, released under the Freedom of Information Act and seen by the author.

79 In the unaudited version of Glasgow City Council's accounts to 31st March 2010, inspected under the provision of the Local Authority Accounts (Scotland) Regulations 1985, the service fee payable to CSG by GCC is given as £72.765m. In the Report and Group Financial Statements for CSGLtd, it is given as £76.149m. According to the unaudited GCC accounts, an additional £10.1m was invoiced by CSG to various council departments during the past financial year, while venues operated and managed by CSG on behalf of the council receive direct subsidy from the council verging on £50m.

80 Email correspondence with the Corporate and Property Law Section of Glasgow City Council under the terms of the Local Authorities Act.

81 See note 9(2)(b) of a Minute of a Meeting of the Board of Directors of Culture and Sport Glasgow, 2nd September 2009. According to the Glasgow Life Annual Review 2009-10, the Dr. Who exhibition attracted over 140,000 visitors, generating final tickets sales of £719,970 (page 30) while the Glasgow Boys attracted more than 123,000 visitors (page 6), which simple mathematics would suggest generated in the region of £632,545. Minute of a Meeting of the Board of Directors of Culture and Sport Glasgow 2nd September 2010, note 8(4) also mentions high visitor numbers with an impact on retail sales.

82 See note 10(5) of a Minute of a Meeting of the Board of Directors of Culture and Sport Glasgow, 25th November 2009.

83 See note 8(3)(b) of a Minute of a Meeting of the Board of Directors of Culture and Sport Glasgow, 2nd September 2009.

84 Budget and Service Planning Report by Chief Executive to Board Meeting of 27th January 2010.

85 Page 4 of CSG Private and Confidential Venues Review released under the Freedom of Information Act and seen by the author.

86 See point 2 of Budget and Service Planning Report by Chief Executive to Board Meeting of 27th January 2010.

87 Ibid, apologies (p. 1).

88 See notes 3 (7)(g)(iv) and (F)(dd) Minutes of Glasgow City Council 28th January 2010.

89 From a Glasgow Life spokesperson in correspondence with the author, 15 December 2010, italics added.

90 Avril Lewis (Glasgow Life Business Support Manager) cited in note 1 from the Quarterly Governance Meeting Note of Meeting 30 June 2010, released to the author under the Freedom of Information Act.

91 Figure taken from page 4 of CSG Private and Confidential Venues Review, op cit. The investment accounts for £307,330 of this, making running costs just £78,258 thereafter, just 20% of the Glasgow International budget.

92 Figure taken from page 31 of CSGLtd Report and Group Financial Statements 31st March 2010, held at Companies House.

93 CSG Private and Confidential Venues Review, op cit., p. 5.

94 Glasgow City Council Financial Statements for the Year ended 31st March 2010 (Pre-Audit Inspection Copy),

2007,<sup>98</sup> which corresponds with CSG's first fiscal year, thus failing to explain the sudden increase in the deficit.

According to the notes to the accounts, "CSG participates in the Local Government Pension Scheme, which is administered by Strathclyde Pension Fund".<sup>99</sup> In general, the fund has been performing well, increasing from £9.5bn to £10bn over the past financial year, in line with its targets.<sup>100</sup> The fund accountant was asked how it was possible for CSG to run up such a huge deficit in the space of a year but at the time of writing no comment had been received. Luckily, Bridget McConnell's pension will be unaffected by this as sums of £21,016 and £22,785 have been earmarked for her retirement.<sup>101</sup> The directors of CSG are now seeking to generate a surplus of £500,000 in 2010-11 to go some way towards making up the reserves needed to protect the pension fund.<sup>102</sup> This money has to come from somewhere, which no doubt means that further cuts and commercial realignments will be proposed.

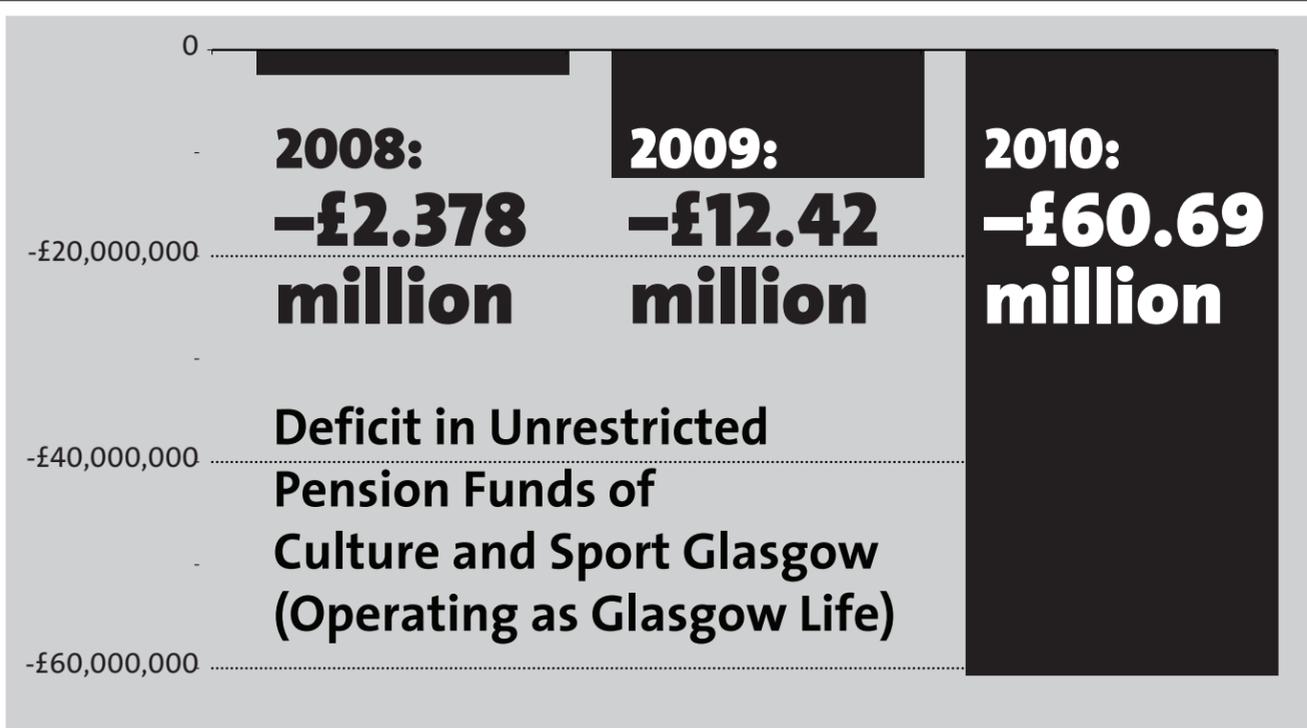
Sticking with the accounts, the CSG loss before tax of £1.399m reported by Glasgow City Council on the basis of CSG's unaudited accounts is harder to verify. In the final accounts audited for the company by KPMG (the same Big Four auditor as used by Noble Grossart),<sup>103</sup> the profit of £1.638m is there for all to see, but the loss is declared as £62,000,<sup>104</sup> which, when subtracted from last year's profit margin, is exactly equal to the £1.7m of cuts the company projected it needed to make. Nowhere is the discrepancy of £1.337m, between the unaudited (GCC) and audited (CSG) accounts, explained.

Delving a little deeper into the notes to the accounts, some interesting facts spring out. Expenditure on Finance, Procurement and Business Support was up this year, as was that for Marketing and Media,<sup>105</sup> the two budgets accounting for an increase of more than £1m, hardly surprising in light of the re-branding. And, if one was an auditor paid £28,000<sup>106</sup> to check the accounts, one might wish to examine how it is that the company's fixed assets have been augmented by 11% this year<sup>107</sup> while depreciation has jumped by 149% compared to the previous year.<sup>108</sup> One might wonder whether a company with a remit for benefiting the public sector was trying to strengthen its balance sheet or, at the very least, question why it persisted in buying equipment and vehicles that suffered the same high rate of obsolescence as private sector companies.<sup>109</sup>

Let us conclude this section with a consideration of the external funding that was expected to flow into such new structures as soon as the shackles of local authority control had been thrown off. The service fee paid to CSG by Glasgow City Council under the devolved arrangement only accounts for nine months' worth of funding<sup>110</sup> and the rest must be raised from external sources in order for the full complement of services to be provided. If the company fails to attract this external funding, the facilities it operates and the people using them will suffer. As one might expect, given the current economic conditions, the net return on unspecified investments is down by more than £500,000.<sup>111</sup> Grant income has also taken a serious battering, dropping from £7.1m last year to £3.1m this year, contributing to a decrease in the overall voluntary income into the group of £3.2m.<sup>112</sup> This dire financial position may well lead the company into unsavoury collaborations with the private sector, as already evinced by the sponsorship of the Riverside Museum by BAE Systems, Britain's favourite arms dealer.<sup>113</sup>

The picture outlined above makes the phrase "many such trusts suffer funding problems as council support is phased out, while private donations either fail to materialise or do not consistently deliver the funding required to maintain services" less a gloomy forewarning and more a statement of fact. Equally prophetic is the 2007 assertion that, "In Scotland, while many of these trusts initially performed satisfactorily, they appear to have come up against a similar set of problems: stagnation of core funding with savings and extra funding being slow to materialise; pension liabilities; as well as dealing with the costs of audit, internal and external regulation and reporting structures".<sup>114</sup>

We needn't worry, though, because an audit committee has been set up, chaired by Angus



Grossart with up to four additional members, which, amongst other duties, aims:

To formulate policies and plans for the strategic management of the Company's financial resources, both revenue and capital.

To supervise, monitor and review the implementation of budget and service plans in the context of the Company's key objectives and priorities.

To assist the Board in approving the use of additional resources, reserves and balances, and changes to the Company's budget and service plan.

To supervise, monitor and review the strategic development of the Company's Information and Communications Technologies.

To manage and supervise the arrangements for the proper administration of the Company's financial affairs.

To be responsible for oversight of pension arrangements.<sup>115</sup>

It remains to be seen whether an audit committee can really save CSG from its perilous financial state, which, besides the users of its facilities in Glasgow, impacts worst on those who work for the company.

### Revised Terms and Conditions

Two contracts govern the relationship between Glasgow City Council and CSG (which, against its wishes, the double-headed company is still known).<sup>116</sup> Both of these detail a clear commitment to the Transfer of Undertakings (Protection of Employment) Regulations (TUPE) in regard to Assigned Employees being transferred from the local authority to the service provider. Under TUPE, employers have strict obligations following a transfer: they must take over all employment contracts (to prevent the cherry-picking of staff), and assume all rights and obligations under those contracts; they must honour any collective agreements made on behalf of employees; they must not dismiss employees for any reason connected with the transfer unless agreed by an employment tribunal; they must not unilaterally worsen the terms and conditions of employment of any transferred employee; and they must consult representatives of the employees. In turn, employees can expect their conditions to continue exactly as before and, if they find that there has been a fundamental worsening in their terms and conditions of employment as a result of the transfer, have the right to terminate their contract and claim unfair dismissal before an employment tribunal, on the grounds that actions of the employer have forced them to resign.<sup>117</sup> In addition to staff previously employed by Glasgow City Council who were transferred to Culture and Sport Glasgow, the Transitional Services Agreement states that all new employees should be given the same terms:

"Following a Service Transfer, CSG shall ensure that the terms and conditions of employment offered to any new employees employed or engaged by the New Supplier in connection with the provision or the procurement of the provision of services equivalent or similar to

p. 86, which were open to inspection under the Local Authorities Act from 26th July to 13th August 2010.

<sup>95</sup> Glasgow Life Annual Review 2009-10, op cit., page 38.

<sup>96</sup> See Group Statement of Financial Activities (incorporating a group income and expenditure account) on page 17 of CSGLtd Report and Group Financial Statements 31st March 2010.

<sup>97</sup> In correspondence with the author, 15 December 2010.

<sup>98</sup> See <http://www.frc.org.uk/asb/technical/standards/pub0206.html>

<sup>99</sup> Ibid, note 20, p. 35.

<sup>100</sup> Conversation with a representative of Strathclyde Pension Fund, 24th November 2010.

<sup>101</sup> CSGLtd Report and Group Financial Statements 31st March 2010, op cit, p. 24.

<sup>102</sup> Ibid, p. 12.

<sup>103</sup> See page 11 of Noble Grossart Ltd Report and Accounts 31st January 2010, held at Companies House

<sup>104</sup> CSGLtd Report and Group Financial Statements 31st March 2010, op cit, p. 17.

<sup>105</sup> Ibid, p. 23.

<sup>106</sup> KPMG LLP has been paid this amount annually since CSG came into being. See Ibid, p. 23 and page 33 of CSGLtd Report and Group Financial Statements 31st March 2009, held at Companies House.

<sup>107</sup> Increasing from £2.36 to £2.63m, see CSGLtd Report and Group Financial Statements 31st March 2010, op cit., p. 18.

<sup>108</sup> See page 22 of Ibid, which shows depreciation to have increased from £231,000 to £576,000.

<sup>109</sup> According to note 1 of the accounts (Ibid, p. 21), CSG plant and equipment is only expected to last three to five years and motor vehicles four years.

<sup>110</sup> See Ibid, p. 12.

<sup>111</sup> According to page 17 of Ibid, investments fell from £523,000 at the end of March 2009 to £19,000 at the end of March 2010. This includes interest receivable and the net return on pension assets (which stands at zero at the end of March 2010).

<sup>112</sup> Ibid, p. 25. This was explained by a Glasgow Life spokesperson on the basis that "This is primarily restricted funding where external organisations provide us with funding to support a specific project or activity. This income is accounted for on a cash basis when received and held on our Balance Sheet until it is spent. Funding may be for a project which lasts for a few weeks or for several years. The cash flow of spend can also vary considerably with spend sometimes being up-front and sometimes not until the project is complete. This means that the income flow can be very variable and will not flow steadily into the accounts. With regard to generating additional external income. Despite the recession we are increasing the amount of income we generate beyond the service fee from Glasgow City Council. In the year in question, despite the fluctuations in restricted funding, our overall external funding increased by £975,000." In correspondence with the author, 15 December 2010.

<sup>113</sup> See note on BAE Systems at: [http://www.powerbase.info/index.php?title=BAE\\_Systems](http://www.powerbase.info/index.php?title=BAE_Systems)

<sup>114</sup> 'O Rose, thou art sick!' op cit., p. 30.

<sup>115</sup> See Appendix 1: Terms of Reference Audit Committee Minute of a Meeting of the Board of Directors of CSGLtd June 2010.

<sup>116</sup> A Transitional Services Agreement (document GLAS795090 V19), dated 30th March 2007, and a Services Agreement (GLAS800682 v19).

<sup>117</sup> Originally implemented in 1981, TUPE was widened in scope in 2006. See *Employment Rights on the Transfer of an Undertaking*, HM Government Department of Business, Innovation and Skills, June 2009 <http://www.berr.gov.uk/files/file20761.pdf>

<sup>118</sup> Transitional Services Agreement, clause 12.7 (page 15)

the Services, or any part of the Services, shall be no less favourable overall than the terms and conditions of employment applying to the comparable Assigned Employees.”<sup>118</sup>

Nonetheless, at CSG’s March 2010 board meeting, it was advised that “staff had been balloted by their respective Trade Unions for strike action and action short of strike following the announcement of a pay freeze and the introduction of revised terms and conditions relating to changes to public holidays/annual leave and over time working”.<sup>119</sup> Prior to this, the January Budget and Service Planning document had alluded to consultations having taken place with unions since September 2009 around a Review of Staff Terms and Conditions valued at £1.614m as part of the £3.4m projected saving outlined above. This review proposed:

- Reducing the number of public holidays from 12.5 to 6.5 days.
- Confining overtime payments to plain time and only permitting overtime to be worked when absolutely necessary.
- Exploring the reduction of staff working at 37 hours per week to 35 hours per week.<sup>120</sup>

While the third proposal was not considered vital to achieving savings, Bridget McConnell expressed, in no uncertain terms, that she intended to proceed with the first two changes to conditions of service. During the January board meeting, she outlined her intentions for the meeting that would be taking place between CSG directors and trade unions two days later, advising “that we intend to proceed with the implementation of the changes to public holidays, overtime, and the revision of opening hours”.<sup>121</sup> Rather than negotiating with the unions, McConnell asserted that these changes would be achieved by diktat, giving employees 12 weeks’ notice of the plans, and, while the agreement of roughly 100 affected by these changes would be sought, if it was not forthcoming, they would be written to individually, their contracts terminated and re-engagement offered on revised terms and conditions.<sup>122</sup>

Despite public assurances that jobs had not been lost,<sup>123</sup> McConnell oversaw the measures she had threatened, which led to a rare combined action on the part of four different unions.<sup>124</sup> When it became clear that no agreement could be reached between CSG management and the unions, ACAS<sup>125</sup> was brought in to arbitrate in a process led by Frank Blair, who is seen as a pivotal figure in shaping the Northern Ireland peace agreement. According to a union spokesperson, McConnell has not once appeared at these discussions and CSG representatives have been thrown by Blair’s objectivity. CSG has consistently refused to release any details on the discussions pertaining to the review of staff terms and conditions under the Freedom of Information Act,<sup>127</sup> a decision which is being investigated by the Scottish Information Commissioner at the time of writing. Pay has been frozen and posts are left unfilled, with temporary workers being brought in to bridge any gaps, thus bypassing TUPE guidelines on new employees. Morale among the workforce is at an all-time low, and there are widespread rumours that culture and leisure will be taken back under the umbrella of the council. It would seem that this rumour is predicated on more than just hope, given that the agreement between Glasgow City Council and CSG includes the provision for termination by either party “with immediate effect if the other Party fails to observe or perform any of its material obligations”,<sup>128</sup> or if “the other Party ceases to carry on its activities, becomes unable to pay its debts when they fall due, becomes insolvent or apparently insolvent”,<sup>129</sup> or “In the event of either Party committing any breach or series of breaches in respect of its obligations”.<sup>130</sup>

## Social Apartheid

In May 2010, Bridget McConnell delivered the Robert Owen Memorial Lecture entitled ‘Culture and Sport: A Matter of Life and Death?’.<sup>131</sup> In this presentation to a small, exclusive audience in New Lanark World Heritage Village, McConnell elaborated on her vision of culture and sport as a tool of economic regeneration in a divided city.

In the process, she attempted to characterise the instrumental value of culture as something inseparable from its intrinsic value, and frequently paraphrased the ideas she articulated in her thesis for Doctor of Education at the University of Stirling in March 2009. In this doctoral study, she sought to demonstrate that social inclusion is an historic concept and that private intervention in the arts in Glasgow has a precedent dating back to the 19th century.<sup>132</sup> Drawing on her insight into government, McConnell comments not only on the inevitability of an instrumental approach to culture but also on the value of culture as a tool for good.<sup>133</sup>

At New Lanark in May 2010, McConnell continued to invoke the merits of cultural participation. Acknowledging the link between physical activity and physical and mental health, she argued that:

“Just as the evidence of psychological impacts of sport and physical activity are becoming more widely known, recent desk research undertaken in CSG has revealed a plethora of amazing research articles from medical journals – not just from arts workers trying to justify their funding bids but from medical researchers – demonstrating the life-enhancing and life-lengthening impacts from participation in cultural activities and the arts including participation less intensive than art therapy.”<sup>134</sup>

In order to substantiate her argument about the instrumental value of culture, McConnell cited a Finnish study which “showed that general participation in cultural, social and religious activities improved the [sic] longevity in men to such a degree that the public health services were recommended not to focus solely on specific risk factors like smoking, but on wider cultural participation”.<sup>135</sup> That the CSG Chief Executive was fully cognisant of arguments pertaining to the purported health benefits of participation in culture and leisure while recommending the closure of Bellrock Community Centre in Calton, with its appalling life expectancy, suggests a major mismatch between the rhetoric and policy.

In trumpeting the benefits of cultural participation, McConnell repeatedly referred to the reinvention of Glasgow as a “major cultural tourist destination” and, as we have seen, CSG considers itself integral to this rebranding. The problem with cultural tourism is that it contributes to the social apartheid that Julien Brygo witnessed in Glasgow, as parts of the city become no-go areas for the class that remains uncatered for by municipal museums and galleries. During Glasgow’s stint as Capital of Culture in 1990, Euan Sutherland, an artist based in the city, made a body of work under the title *Cultural Façade*, exposing the complicity of instrumentalised culture in denying this reality. Twenty years on, the façade has become an edifice of inequality, albeit one that is easily ignored by high-earning visitors to the city.

At one point during her New Lanark talk, McConnell mentioned that “In a city of extremes, Glasgow has lots of new money, but also some of the worst poverty and ill health in western Europe – it is a moral, economic and human imperative that our cultural policies reach out to those who are excluded, inspiring a new generation to create, innovate and succeed”.<sup>136</sup> But nowhere in CSG’s vision is it explained how marginalised citizens are able to pass through what Tayburn identified as the “gateway to the vibrant side of the city”. Furthermore, in abstracting the causality of poverty and ill health, McConnell spectacularly avoids addressing the connection between the unequal distribution of wealth and curtailed life spans in her organisation’s main area of operation. Then again, if Bridget McConnell were to acknowledge that inequality was the major contributor to ill health and premature death in Glasgow, she might be forced to confront how she herself is implicated in this process, as the head of an organisation that sustains inequality by bolstering an increasingly specious cultural façade.

With special thanks to all those who helped, directly and indirectly, with this research (December 2010). An unedited version of this research is available at: [http://www.shiftyparadigms.org/images/Glasgow\\_Life\\_or\\_Death.pdf](http://www.shiftyparadigms.org/images/Glasgow_Life_or_Death.pdf)

inspected under Local Authority Accounts Regulations (1985).

119 See note 7(1)(c)(i) Minute of a Meeting of the Board of Directors of CSG31st March 2010.

120 Culture and Sport Glasgow, Budget and Service Planning 2010/11, item 6.

121 Budget and Service Planning Report by Chief Executive to Board Meeting of 27th January 2010, point 6.

122 Ibid.

123 This assertion was made by Bridget McConnell following her lecture entitled ‘Culture and Sport: A Matter of Life and Death?’, op cit..

124 BECTU, GMB, Unison and Unite.

125 Advisory, Conciliation and Arbitration Service.

126 This is confirmed in note 8(2) of Minute of a Meeting of the Board of Directors of CSG2 September 2010, which states: “With regard to HR issues (a) that four members of the Directorate had attended a day

long conciliation meeting at ACAS which had been spent agreeing a process to move forward and resulting in a schedule of 6/7 meetings; and (b) that the aim was to ensure that the entire process was concluded by 31 October 2010.”

127 On 6th August 2010, the author requested that “the minutes of meetings to have taken place between Culture and Sport Glasgow/Glasgow Life employees/board members and Trade Union representatives since the start of 2010, and copies of other correspondence (letters, emails, telephone calls) exchanged” be released under the Freedom of Information Act, specifically in relation to the review of staff terms and conditions. This request was refused on the basis of Section 30 (b) (ii) of the Act – Prejudice to effective conduct of public affairs, which was upheld in an internal review by Susan Deighan (initiated on 15th September and concluded on 8th October). The final word on this from a Glasgow Life spokesperson is ‘We continue to meet with the Joint Trade Unions as part of regular meetings to discuss not only disputes, but all matters pertaining to staff pay and conditions’ in correspondence with the author, 15 December 2010.

128 Transitional Services Agreement, clause 10.1.1.

129 Ibid, clause 10.1.5.

130 Ibid, clause 10.3.

131 Bridget McConnell delivered the Robert Owen Memorial Lecture entitled ‘Culture and Sport: A Matter of Life and Death?’ at Robert Owen School, New Lanark, 14th May 2010, released to the author under the Freedom of Information Act.

132 Bridget McConnell, ‘Which Cultural Policy? Whose Cultural Policy? Players and Practices in a Scottish Context’ Thesis submitted for the degree of Doctor of Education, Institute of Education, University of Stirling, March 2009, pp. 5-6.

133 Ibid, p. 14.

134 Bridget McConnell, ‘Culture and Sport: A Matter of Life and Death?’ op cit., slide 6.

135 Ibid, slide 9.

136 Ibid.