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Dear Gerald,

We are writing as promised with an up-date on the proposed national database for stolen and unlawfully removed cultural objects.

In our response to the Culture, Media and Sport Select Committee of February 2004¹, we set out our proposals to evaluate the form and viability of a database, with an indicative timetable for implementation. To take this forward, we employed independent consultants from Vega Group PLC. A summary of their findings together with copies of their terms of reference and reports are attached at Annexes A to E. However, their work raised more fundamental questions, the implications of which will be of more immediate interest to the Committee.

The consultants' stage II report (delivered in April) raised questions about the financial viability, cost effectiveness and impact on crime of our proposals. As a result, we asked them to carry out additional work to investigate the business case for the proposed database. In view of their final report (at Annex E), we had serious concerns about the appropriateness, viability and value for money of the proposed database. Estelle Morris referred to these in her response to the debate on the "Illicit Trade in Antiquities" in Westminster Hall on 26th May² but we are now able to provide more detail:

- The consultants had identified a possible 3-stage approach to delivering the database, but there was a widespread view that only the implementation of all 3 stages potentially offered any benefits. The cost of this option exceeded the £250k per annum over 3 years identified jointly by Home Office and DCMS as being both realisable and justifiable.

1 Government Response to 'Cultural objects: developments since 2000' (HC59) Report of the Culture, Media & Sport Select Committee Session 2003 - 2004

2 Official report, Column 458WH



INVESTOR IN PEOPLE

- The report was unable to give adequate assurances that the database would become self-financing – they reported that existing commercial services relied heavily upon recovery fees, and that the income generated in this way could vary considerably from year to year. The report also highlighted potential liability issues should the data prove inaccurate.
- Those consulted reported that the number of crimes involving cultural items was small and that they did not expect the proposed database to have a significant impact in terms of reducing or investigating crime. Similarly, there was insufficient evidence that the database would significantly improve the return of property to rightful owners.
- The consultants were unable to show sufficient demand for the database from the trade, despite previous indications to the contrary. The larger dealers and auction houses considered themselves well served by the existing commercial databases and would be unwilling to contribute to the costs of the proposed system unless legally required to do so. Similarly there was no evidence to suggest that the smaller dealers would use or pay for the resource.

Whilst considering the issues raised by the consultants' final report, we learnt that the National Criminal Intelligence Service is about to conduct a baseline assessment into the threat posed by illicit trade in cultural items in terms of serious and organised crime. This is expected to report in mid-2005. Pending the results of that, we are not convinced that investing in the proposed database would be a good use of public money.

These were obviously serious issues for consideration in the context of the other demands on, and priorities within, each Department. Subsequent discussions between our Departments have, therefore, led us jointly to take the decision that we should not proceed with the database as proposed and envisioned in our response of February this year.

We have been in discussions with officers from the Metropolitan Police Service's Arts and Antiques Unit about the possibility of making their system more directly accessible to all forces. They have made this offer to other forces, but there has been no take-up as yet. This lack of involvement by other forces diminishes any potential value of the proposed database and also suggests that it would not be sufficiently utilised by them. As we set out in our response to the Select Committee's report³, given the other priorities forces are being asked to pursue, which will more directly deliver Government aims, we do not feel it would be appropriate to put pressure on them in this area.

We appreciate that you will be disappointed by this news and by the amount of time it has taken us to reach this position. However, our Options Appraisal demonstrated the complexity of the project and that, whilst anecdotal opinion might have suggested a demand for such a database, the practical reality has proved different. We have therefore had to make a difficult decision about where taxpayers' money should best be focussed to deliver the most beneficial outcomes. Given the results of the consultants' work, it would not be good value for money to embark on a national database of cultural objects.

³ Paragraph 36 of the First Report of the Culture, Media and Sport Select Committee, Session 2003-04, HC59, on cultural objects: developments since 2000

We do accept, though, that there is still an important role for Government to play in the provision of guidance on due diligence. To this end, DCMS is working on the development of a web-based information system to provide practical advice and guidance to individuals, organisations and enforcement agencies about handling cultural property. The details of this system are to be finalised, but DCMS has committed funding to this for the current financial year, provided there is a clear need and use for the system. We are keen to ensure that any information system developed and supported would be complementary to the Metropolitan Police database at any such point in the future that that rolls out nationally.


Work is also being taken forward within the Home Office on driving down acquisitive and organised crime, and the wider market for stolen goods. Whilst this is not focussed on cultural items, it will have a potentially greater impact on the problem than the proposed database.

In the European context, illicit trafficking in cultural goods is recognised in mutual recognition instruments as being an offence that is sufficiently serious for dual criminality not to be a precondition for judicial co-operation. In our response to the recent Commission Green Paper - on the approximation, mutual recognition and enforcement of criminal sanctions in the European Union - we indicated that we are not opposed to approximation of offences and penalties relating to those offences listed in existing mutual recognition instruments that have not yet been tackled at EU level and whose cross-border nature justifies such action. One such area could be the illicit trafficking in cultural goods.


During our Presidency of the EU, three of the Home Office's four key themes – security through co-operation; promoting justice, combating crime; and safer, stronger communities – could have an impact on the illicit trade in cultural items.

We will also continue to monitor developments with regard to stage II of the Schengen Information System, a cross European system designed, amongst other things, to help tackle cross border crime, and to lobby for facilities within that to allow for recording of stolen or illegally removed cultural items.

> We are copying this letter to Tessa Jowell and David Blunkett.

Bert Wisber


ESTELLE MORRIS

Yours


CAROLINE FLINT

Summary of the consultants findings and conclusions

In February, consultants from VEGA Group PLC were appointed by a panel from the Home Office and DCMS to undertake an Options Appraisal. The Terms of Reference are attached at Annex B. There were to be three stages: the first would identify the issues and requirements relating to the proposed database (tasks 1-5 on the Terms of Reference); the second would then analyse the possible options against the stage I findings (tasks 6 and 7); the third would offer a strategy for taking forward and evaluating the proposed pilot (task 8).

Two main forms of the database were to be considered:

- the extension of the existing Metropolitan Police system; or
- a new database provided by a Public-Private-Partnership (PPP) approach along the lines of a model put forward by the Council for the Prevention of Art Theft (CoPAT)

The Options Appraisal specification required the consultants to determine what the database must offer, obtain firmer and more detailed information for each option (including the likely costs and how these might be met), analyse the options available and recommend a way forward. A decision was then to be made in the light of the consultants' report and on the grounds of cost effectiveness and value for money.

The report on Stage I is attached at Annex C. It identified the following principle requirements:

- A management board to oversee the work of the national database.
- Access to Metropolitan Police Service's (MPS) Art and Antiques Unit database be made available to all forces.
- A draft set of data standards and data definitions be drawn up as part of the implementation plan.
- A security policy be drawn up, based on existing Police standards.
- The use of recovery fees be allowed, but closely monitored.
- No lower limit be placed on the value of a stolen item, subject to agreement with the database supplier.
- The national database be a stand-alone system.

Following further work, the results of the Stage II report, attached at Annex D, demonstrated that the preferred option would be a combination of the MPS database and a PPP service. The MPS system offered the best way of maintaining the most up-to-date and accurate data. However, a wider service would be needed to make this data available to a wider audience and to provide additional support services to dealers and other potential users of the data. This could best be provided by a PPP approach.

Consultants' Terms of Reference

1. Acquire a thorough understanding of the work both government departments have undertaken to date.
2. Consult and record meetings with all parties involved in the development of the database and all those that will be using it when it goes live. Approx. 20-30 people. This includes:
 - Home Office officials;
 - DCMS officials;
 - Metropolitan Police;
 - PITO;
 - Customs and Excise;
 - Due-diligence officers at force level;
 - CoPAT;
 - Private database providers;
 - DVLA;
 - ITAP; and
 - industry representatives.
3. Identify relevant issues and areas of conflict.
4. Develop a detailed functional specification that is agreed, as far as is possible, by all parties consulted. This will inform all your work from points 5-8.
5. Produce detailed advice on:
 - system / service requirements;
 - data handling;
 - access issues;
 - cost and resource implications.
6. Assess the two options being considered at present and/or any alternatives against the criteria brought together in points 1-5.
7. Produce recommendations on the best way forward.
8. Provide a detailed strategy for taking forward and evaluating a pilot project to test and refine the chosen option.

