

RUSSELL COTES ART GALLERY AND MUSEUM MANAGEMENT COMMITTEE



Report subject	Update on Progress towards Externalisation
Meeting date	22 October 2021
Status	Public Report
Executive summary	<p>In March 2019, the Management Committee agreed subject to a full business case, that the Russell-Cotes Art Gallery & Museum would be best served by moving to full trust status, allowing the museum to better fulfil its long-term strategic and charitable objectives with good governance and financial transparency.</p> <p>The Committee recognised the complexities of achieving full trust status required further examination before a commitment can be made and that the final decision should lie with BCP Council Cabinet.</p> <p>At its request, further work has been done by Council officers, museum staff and external consultants, funded by core budget and ACE CRF Fund to fully develop the business plan.</p> <p>Business Plan</p> <p>At their meeting on 8 January 2021, the Management Committee supported a draft proposal for the financial arrangements for an independent charity based on BCP Council support for transition costs, an initial contribution towards the backlog maintenance issues of the building and a 10 year funding arrangement.</p> <p>On that basis a Business Plan has been fully articulated and circulated to Council officers for their input and due diligence.</p> <p>Governance</p> <p>The Museum governance is complex because the charity was established with the Council as sole trustee and is subject to the Bournemouth Borough Council Act 1985. It is not clear whether governance changes can be made by the Charity Commission under its normal jurisdiction or whether changes will require a Statutory Instrument.</p> <p>On the advice of specialist lawyers, Bates Wells the Management Committee agreed that the best option was for a new sole corporate trustee of the existing charity which would essentially slip into the shoes of the Council. Bates Wells submitted a request to the Charity Commission in March asking if they would be minded to grant such a Scheme.</p>

	<p>There has been an ongoing exchange of views with the Charity Commission which has said that the decision is finely balanced. The recommendation of Bates Wells is that the Management Committee seeks further independent and specialist legal support to push home the legal argument, supported with evidence of the benefits of externalization and of stakeholder and public support.</p>
<p>Recommendations</p>	<p>It is RECOMMENDED that:</p> <ul style="list-style-type: none"> a) The Management Committee note the progress made with Business Planning and Governance Discussions b) The Management Committee approve the continued progress of the Russell-Cotes Art Gallery and Museum to externalisation as a fully independent charity, subject to a full business case.
<p>Reason for recommendations</p>	<p>The Management Committee acting in the best interests of the Charity have concluded and continue to support the view that externalisation is the best means to ensure that the Russell-Cotes Art Gallery and Museum can continue to thrive and achieve its charitable objectives.</p>

Portfolio Holder(s):	Councillor Mohan Iyengar, Tourism, Leisure and Culture
Corporate Director	Kate Ryan, Chief Operating Officer
Report Authors	Chris Saunders, Service Director, Destination and Culture Michael Spender, Head of Culture Sarah Newman, Museum Manager
Wards	Not applicable
Classification	For Update

Background

1. At their meeting on 29 March 2019, the Russell-Cotes Art Gallery & Museum Management Committee considered full reports into Governance Options and Business Planning, compiled by Focus Consultants and funded by the National Lottery Heritage Fund, outlining options for the long-term future of the museum in the context of the current governance arrangements which are no longer fit for purpose and on-going budget reductions.
2. The Committee agreed that subject to a full business case, the Museum would be best served by moving to full trust status, allowing the Museum to:
 - a. Demonstrate clear separation between the charity and the Council
 - b. Better fulfil its long-term strategic direction and potential to deliver the charitable objectives
 - c. Be in a better position to maximise the potential to generate income from fundraising and commercial activities to support the charity
 - d. Provide resilient, sustainable and appropriate organisational support.
3. The Committee recognised the complexities of achieving full trust status required further examination and testing before a commitment can be made and that the final decision should lie with BCP Council.
4. It recommended that BCP Council undertake additional research and analysis on the optimum legal frameworks, VAT, personnel issues, etc., which can then be developed into a full business case.
5. In July 2019, the Capital/Transformation Board agreed to provide officer support for further investigations into externalisation, as requested by the Management Committee.
6. In October 2020, the Russell-Cotes received funding from the ACE Cultural Recovery Fund to provide professional and consultancy services to support the development of the case for externalisation.
7. At their meeting on 8 January 2021, the Management Committee were presented with a draft proposal for the financial arrangements for a putative independent

charity based on support for transition costs, an initial contribution from BCP Council to fund the legacy maintenance issues of the building and a 10 year funding arrangement. They were broadly supportive of the proposals, subject to the resolution of outstanding issues and the financial settlement.

Progress

Business Planning

8. With input from external consultants including auditors, VAT specialists, HR consultants, Pension advisers and Building Surveyors, a Business Plan outlining the new Financial Model for the independent was drawn up and circulated informally to Management Committee members. This outlined the benefits and impact of the Russell-Cotes moving to full independent trust status
9. The Business Plan has been circulated in preparation to Council officers for their input and due diligence and the Chief Finance Officer agreed that there was a measure of support and that examination of the detail would be started.
10. Some responses, notably from ICT, Personnel, Pensions and Estates, have been received, but have since been suspended while clarity is sought on governance issues.

Governance

11. The Museum governance is complex because the charity was established with the Council as sole trustee. In addition, its governance is impacted by its inclusion in the Bournemouth Borough Council Act 1985, so it is not clear whether or not governance changes can be made by the Charity Commission under its normal jurisdiction or whether changes will require a Statutory Instrument.
12. In February 2021, charity lawyers Bates Wells outlined three options for the future governance arrangements which would be achievable and provide the desired level of separation from the Council.
13. Management Committee members agreed that the best option was for a new sole corporate trustee of the existing charity which would essentially slip into the shoes of the Council. This would maintain a similar model to the current arrangements but allow for full independence for the new entity and remove the need for the Council to maintain the existing charity.
14. Bates Wells submitted a request to the Charity Commission in March asking if they would be minded to grant a Scheme to replace the Council as Trustee with a New Trustee and grant such New Trustee trust corporation status.
15. There has been an ongoing exchange of views with the Charity Commission which has said that the decision is finely balanced and they are open to further legal argument.
16. The recommendation of Bates Wells is that we seek further independent and specialist legal support to push home the legal argument, supported with evidence of the benefits of externalization and of stakeholder and public support.
17. The final decision on externalisation would be taken by BCP Council.

Financial Implications

18. Quotes for the additional legal support are being sought and will be funded through the RCAGM current budget allocation.

