

**Stakeholder and Public Consultation on Proposed Governance Change at
Russell Cotes Art Gallery and Museum**

1. Overview

Consultation was carried out in 2021 with key stakeholders, such as Arts Council, National Heritage Lottery Fund.

Further consultation was carried out with supporters of the Russell-Cotes (Friends and volunteers) in Spring 2022 at the request of the Charity Commission.

2. Key Stakeholders

2.1 In Spring 2021 it was identified that it was timely and appropriate to formally consult key stakeholders of the Russell Cotes Art Gallery and Museum on the proposed changes to its governance. Although there had already been informal conversations and the emergent proposals were in the public domain, it was recognised that a more structured and focused approach would be valuable to fully ascertain the views and perspectives of those organisations closely invested or linked to the successful operation of the museum.

2.2 The purpose was bi-fold; to ensure that stakeholders were aware of the proposed direction of travel and fully informed and secondly to solicit and understand the views of stakeholders in relation to the proposed change and invite them to identify any opportunities or issues they envisage may impact on future relationships and development. It is intended that the results of this consultation will be integrated into the thinking and planning around RC externalisation and represented and shared through key decision reports.

2.3 In terms of methodology, the team modelled the consultative process on set of key questions which are provided below. This was to ensure a consistent baseline, although conversations kept open to facilitate flexibility for individual responses. Because of continued social distancing restrictions, all interviews were conducted via telephone/teams/zoom, as preferred by the consultee.

2.4 All consultees were provided with summary information on the proposed changes in advance, both by bespoke email and a generic document, as provided in Appendix 1.

Core Questions for Consultees

1. Do you agree or disagree that BCP Council should establish a not-for-profit charitable trust to lead and manage the Russell Cotes Art Gallery and Museum?
2. Do you agree or disagree that the ownership of the Russell Cotes building and collections can be effectively managed for the long term by an independent heritage trust?

3. If the RC became a fully independent trust, do you feel it would impact on your relationship with it? Would you be more or less likely to support/work with the Trust compared to it being part of the Council.
4. Can you foresee any particular advantages or disadvantages for the Russell Cotes and its partners if it moves to fully independent status?
5. Prior to this consultation were you aware of the proposal to consider converting RC to a fully independent trust?
6. This consultation is about getting a wide range of views to help us develop our plans. For that reason we would welcome any comments or concerns you have about the proposed approach, your current involvement with the RC and how you might wish to be involved with the RC if it moved into a full not-for-profit trust.

2.5 The key stakeholder list was agreed in advance and twelve organisations were identified as being core respondents. Critically this included Arts Council England, National Lottery Heritage Fund, DCMS, Association of Independent Museums, both Bournemouth universities and neighbouring cultural organisations and partners.

3. Key Findings

3.1 The conversations with consultees were conducted over April/May 2021 and were positive and productive. Feedback is captured below within our framework, with additional and supplementary observations from stakeholders represented in the final paragraph. An important outcome is the clear appetite for continued communication with stakeholders as the process progresses.

1. Do you agree or disagree that BCP Council should establish a not-for-profit charitable trust to lead and manage the Russell Cotes Art Gallery and Museum?	<p>All respondents recognised that this could constitute a positive change in terms of continued viability and sustainability.</p> <p>Some observed that the current arrangement had inherent challenges, particularly in terms of their organisation being able to fund the RC's work appropriately.</p> <p>One stakeholder commented that, <i>"if an organisation is operating within a framework which inhibits growth, change and innovation, it should be addressed."</i></p>
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	<p>Several expressed the view that is absolutely needed to be the clear decision of the Council itself as sole trustee.</p> <p>Over half of stakeholders emphasised that if the process proceeded, it would be important to safeguard the relationship with the council as the museum would need ongoing financial support to safeguard the building and collections – it would never be viable without grant aid because of the conservation and maintenance costs of such a collection.</p> <p>Must have a backup that if the organisation should fail, the museum and collections can return to the Council.</p>
<p>2. Do you agree or disagree that the ownership of the Russell Cotes building and collections can be effectively managed for the long term by an independent heritage trust?</p>	<p>This was largely a binary question and all stakeholders agreed that effective management by an independent trust was completely viable.</p> <p>A few caveated their responses, with some highlighting clear advantages (in terms of new funding streams), and several highlighting the need for clear and transparent agreements with the local authority</p> <p>Several highlighted other museum and cultural services that had successfully transitioned.</p>
<p>3. If the RC became a fully independent trust, do you feel it would impact on your relationship with it? Would you be more or less likely to support/work with the Trust compared to it being part of the Council.</p>	<p>No stakeholder identified a negative impact on future relationships if the governance changed. Several felt that there could be an improvement as <i>“current governance sometimes gets in the way”</i> and, <i>“it would make it easier to develop partnerships, drive funding and achieve productive collaborations because of the importance of branding and identity which would be stronger as an independent organisation.”</i></p> <p>All of the funding stakeholders agreed that there would no adverse impact.</p>
<p>4. Can you forsee any particular advantages or disadvantages for the Russell Cotes and its partners if it moves to fully independent status?</p>	<p>Stakeholders identified a range of potential implications. The advantages identified included – more freedom and capacity to be flexible and change with the times; greater</p>

	<p>decision making capability: more straightforward for funders; greater fundraising options for RC; greater opportunities for collaboration</p> <p>Disadvantages – two stakeholders were concerned that change might impact on how the Council perceive their relationship with the Museum, that the organisation as a whole would need to be much more robust and engaged with the business and governance side to ensure financial success and that greater integration with other Council cultural services would be lost</p>
<p>5. Prior to this consultation were you aware of the proposal to consider converting RC to a fully independent trust?</p>	<p>About 90% of stakeholders were already aware, but many valued the opportunity to have a more in-depth discussion on the process and the planned nature of the change.</p>
<p>6. This consultation is about getting a wide range of views to help us develop our plans. For that reason we would welcome any comments or concerns you have about the proposed approach, your current involvement with the RC and how you might wish to be involved with the RC if it moved into a full not-for-profit trust.</p>	<p>Several stakeholders identified that there is significant potential to improve the Russell Cotes, both in terms of the quality of its visitor offer and its profile.</p> <p>Many respondents had specific ideas for partnership working – from shared audience development planning to wider cultural programming.</p> <p>DCMS expressed that they were happy to support change through a statutory instrument if necessary</p>

4. Public Consultation

4.1 The Management Committee has not taken extensive formal public consultation on the proposals to date for the following reasons:

- the technical issue of the governance change is hard to communicate
- the long uncertainty about the feasibility of making any change and legal process required
- The exact changes are still unknown

4.2 However, the review of governance has been in the public domain and subject to public scrutiny since May 2018. At the May 2018 meeting of the Management Committee which is held in public at the Museum, and the minutes of which are

publicly available on the website and subject to regular scrutiny by the local press, agreement was made by the Management Committee to seek a grant from the Heritage Lottery Fund to review the governance in the light of continued concern about the effectiveness of the new arrangements in meeting the needs of the Museum.

4.3 The topic has been raised at every Management Committee meeting since, though sometimes in private session. The proposed changes have also been communicated to volunteers and Friends of the museum as an aspiration for a number of years. To date the only response has been received. The three Councillors as members of the Management Committee are in touch with their ward members and are unaware of any likely opposition to the proposals which aim to safeguard the future of the museum.

4.4 In June 2022, at the request of the Charity Commission, consultation has been undertaken with the public. A letter outlining the proposed changes and their impact, together with a link to a survey has been sent to 110 volunteers and 100 Friends of the Museum. 40 responses were received.

- 88% of respondents agreed that BCP Council should establish a fully independent trust to lead and manage the Russell-Cotes.
- 10% were undecided,
- 2% disagreed with the proposal.

4.5 Moreover, 89% felt that the Museum had the potential to deliver more for Bournemouth's residents and visitors. Respondents thought that there were risks to the governance change but these were outweighed by the benefits, which were that a charity with a strong and expert board, would provide greater strategic leadership, be able to leverage more funding and act more swiftly and entrepreneurially. The main disadvantages identified were the loss of the Council as lender of last resort and the financial risk. However, others identified that staying with the Council also brought risks as Council budgets were placed under increasing pressure. Respondents stated that other Museums were able to function very well as independent charities, though they also evidenced others which were less successful.

Appendix 1

The Governance of the Russell Cotes Art Gallery & Museum – The Case for Change

Background

1. The Russell-Cotes Art Gallery & Museum is a historic house, museum and art gallery. A Grade 2* listed building, it has an internationally important collection of Victorian art and ethnography. The collection is of national significance and unrivalled regionally.
2. In 1908 Sir Merton & Lady Russell-Cotes gifted the contents of their home to the Bournemouth Corporation, later Bournemouth Borough Council, together with a lease for the house itself. In 1918, Lady Russell-Cotes granted the freehold of the property to the Council. The Council is required to hold the contents and the house for the benefit for the people of and visitors to Bournemouth. When the couple died, the house was opened as a museum in 1922 and has been operating as such ever since.
3. The Russell-Cotes Art Gallery Charitable Trust was formed on 30th July 1962 to take over responsibility for the house & contents and Bournemouth Borough Council is the sole trustee of the charity.
4. The Bournemouth Borough Council Act 1985 codified the existing arrangements by setting out what the Council as Trustee can do with the house and exhibits and includes the storage, loans to other museums and sale of damaged poor condition items.
5. Now BCP Council acts as Sole Trustee for the registered charity (number 306288) and submits accounts to the Charity Commission annually.
6. The charity owns its collection and building and the freehold.

Current Governance

7. The current governance arrangements were agreed by Cabinet on 27th January 2016 as a response to the Museum accreditation by Arts Council England (ACE) which highlighted a significant weakness in this regard together with the Charity's Commissions concerns over the late filing of accounts.
8. Under this arrangement, Cabinet delegates responsibility to the RCAGM Management Committee which meets twice a year with minutes of meetings noted and agreed by Cabinet.
9. The Management Committee is currently made up of:
 - a. The Portfolio Holder
 - b. Two further Council Members
 - c. 4 external (Non-Council) Members

- d. Sir George Meyrick (or the person for the time being in enjoyment of the title), in compliance with the Bournemouth Borough Council Act.

Governance Issues

10. The legal framework which the museum currently operates is part Charities Act and part Local Government Act. Neither sit very well together nor complement each other.
11. To comply with the Local Government Act non-council members cannot lawfully exercise formal voting rights. So, a shadow vote on any issue is taken of non-Councillors and recorded in the minutes, before the formal vote is taken by Councillors only.
12. Whilst this system works in theory, in practice it means the committee is hamstrung by the lack of separation of roles and responsibilities required by the charitable status. It does not allow for the range of skills, creativity and input from non-council members the Museum needs to thrive and is normal within the sector. It has neither the power, control nor responsibilities of a normal Trustee board.
13. The compromise makes external partners nervous and makes fundraising particularly challenging.
14. The current arrangement is not satisfactory and was identified as requiring monitoring at the Museum's last accreditation by the Arts Council in 2015.

Review of Governance 2018 - 2021

15. To examine the issue more fully, the RCAGM commissioned a governance options appraisal and future business plan to be drawn up with funding from the Heritage Lottery Fund (HLF) Resilience Fund in Autumn 2018. Focus Consultants were appointed to undertake this work in 2018 (their reports are available in the RCAGM Management Committee agenda and papers in 29 March 2019 at link).

Options Analysis

16. Focus Consultants carried out a detailed Options Review, evaluating the following options:
 - 16.1 the Russell-Cotes becomes an independent trust (preferred Option) to give it the best chance to deliver genuine charitable and financial separation and to allow the flexibility and freedom to fundraise and operate in a more dynamic way.
 - 16.2 Maintain Current structure under BCP Council. This option will not deal with the existing weaknesses in the governance and financial separation. There are several other Cultural and Heritage assets that BCP Council has responsibility for including the Poole Museum and Scaplen's Court, Highcliffe Castle and the Red House Museum. Each of these

are managed and run in the most appropriate way for them and given each one is unique in its setting and collection it is unlikely a 'one size fits all' approach would work going forward.

16.3 Integration with an existing trust. This option potentially delivers the advantages of option 1 but risks RCAGM being diluted and having a loss of control with the wider audience.

16.4 Contract with a private sector partner. There are limited operators working in this sector. This option will have a negative impact on the ability to fundraise and potentially take the museum in an alternative strategic direction.

17. At their meeting on 29 March 2019, the Russell-Cotes Art Gallery & Museum Management Committee considered the full reports into Governance Options and Business Planning and agreed the museum would be best served by moving to full trust status, allowing the museum to:

- Better fulfil its long-term strategic direction and potential to deliver the charitable objectives
- Be in a better position to maximise the potential to generate income from fundraising and commercial activities to support the charity, particularly the capital investment needed for the museum's survival and future
- Provide resilient, sustainable and appropriate organisational support.

18. The Committee recognised the complexities of achieving full trust status required further examination and testing before a commitment could be made and that the final decision should lie with BCP Council Cabinet.

19. It has since conducted extensive consultation, commissioned specialist reports to further interrogate the case for independence, partly funded by ACE Coronavirus Recovery Fund. A Cabinet report is currently being prepared to make the case for full independence.

