

RUSSELL COTES ART GALLERY AND MUSEUM MANAGEMENT COMMITTEE



Report subject	Update on Progress towards Externalization
Meeting date	20 March 2023
Status	Public Report
Executive summary	<p>The Russell-Cotes Art Gallery and Museum Management Committee's recommendation for governance change of the Museum has been fully supported by the approval of externalisation, formally agreed at BCP Council meeting on 10 January 2023. Financial support of £98,500 has been received from National Heritage Lottery Fund which will support the legal costs for governance change and the transition costs for a new independent operation.</p> <p>The work programme to achieve externalisation can now be implemented. The priority is to initiate the application to the Charity Commission for a change of governance under Section 73 of the Charities Act, which requires decisions on the specific governance changes desired.</p> <p>In order to manage the complex, multi-faceted process a Steering Committee will be set up consisting of Portfolio Holder, Management Committee Members, BCP Council officers and museum staff and advisers, which will meet regularly. This is in addition to regular update reports to this Committee for approval.</p>
Recommendations	<p>It is RECOMMENDED that:</p> <p>The Management Committee reviews the report and agrees the recommendation to</p> <ul style="list-style-type: none"> • Establish a project steering group to oversee and support progress to deliver BCP Council's recommendation of full externalisation for the Russell-Cotes • Proceed with the work programme outlined with BCP officer support.
Reason for recommendations	To ensure the timely delivery of the externalisation of the Russell-Cotes as has been formally agreed by BCP Council as Trustee.

Portfolio Holder(s):	Cllr Beverley Dunlop, Portfolio Holder for Tourism, Culture and Vibrant Places
Corporate Director	Jess Gibbons, Chief Operations Officer
Report Authors	Sarah Newman, Museum Manager Michael Spender, Head of Culture Amanda Barrie, Director, Destination and Culture
Wards	Not applicable
Classification	For Update and Decision

Background

1. The Russell-Cotes Art Gallery and Museum (RCAGM) with its Grade 2* listed house and internationally significant collections was gifted to the people of Bournemouth in 1908 and was held in trust by Bournemouth Borough Council and its successors, as sole Trustee, ever since. (Charity Reg No 306288).
2. The governance, relatively unchanged for 100 years, is a mix of Local Authority and charity practice which cannot provide appropriate oversight, financial transparency or strategic leadership and does not meet the required standards for a modern charity
3. BCP Council Cabinet acts as the Museum's Management Committee but has delegated its responsibilities to the Russell-Cotes Management Committee, which acts as a subcommittee. It consists of Councillors and non-voting independent members. The Management Committee has determined, after detailed investigation, that full independence is the best way to safeguard the long-term future of the Museum.
4. The Charity Commission has examined the issues and concluded that a change of governance is in the best interests of the charity and in August 2022 invited BCP Council to formally request a parliamentary scheme to replace the Local Authority Trustee with a new corporate Trustee under Section 73 of the Charities Act 2011.
5. At their meeting of 10 October 2022, the Management Committee recommended to BCP Council that it formally approve the progress of the externalisation of the Russell-Cotes to a fully independent charity

Council Approval

6. The full report, outlining the case for externalisation, was presented to BCP Council on 10 January 2023 and was formally approved.
7. The Council agreed the following recommendations
 - that the future of the Russell-Cotes Art Gallery & Museum, for which it is sole trustee, would be best served by externalisation in the form of the transfer of Sole

Trusteeship to a new corporate entity (CLG or CIO) to operate and manage the charity.

- as Sole Trustee of the Russell-Cotes Art Gallery & Museum to make a formal application to the Charity Commission for a change of governance under Section 73 of Charities Act 2011 to replace the Council as sole trustee with a new corporate entity (CLG or CIO) acting as sole trustee and for the modernisation of governance articles.
- to establish a Corporate Entity (CLG or CIO) and appoint a Shadow Board of 5 nominees to oversee the transition to independence, provide continuity and stability and to maintain an on-going supportive relationship with the new CLG/CIO.
- to negotiate, during the transition phase, future years grant support for the new Trustee, along with the transfer of assets, lease arrangements etc with an expected vesting day of 1 April 2024 at the earliest.
- To delegate authority to the Director of Finance, Director of Law & Governance and the Chief Operations Officer to determine the best financial model in consultation with the Portfolio Holder.

Funding Support from National Heritage Lottery Fund (NHLF)

8. A successful application was made to the NHLF for £98,500 to support the governance project entitled 'Securing Sustainable Governance for the Russell-Cotes Art Gallery & Museum'. £20,000 of match funding has been promised from core funding. The Russell-Cotes is very grateful to the players of the National Lottery for their support for this project.
9. This funding will provide support for the application to the charity notably for:
 - Legal costs for the application to the Charity Commission and establishment of the new corporate entity
 - Project Manager
 - Costs associated with establishing the new independent charity eg Pension costs associated with LGPS etc; developing an HR policy and framework, IT infrastructure and financial systems
 - Board recruitment and development
 - Staff training
 - Developing a fundraising strategy
 - outreach and engagement activity with our community around the change in governance
 - evaluation

Project Management

10. As outlined in the agreed recommendations, the move to full independence is highly complex and will require very significant negotiations across a number of areas.

11. In order to ensure progress, a Steering Group, reflecting the scope of the project will be established and meet every two months. It will consist of:
 - RCAGM Management Committee Chair – Prof Stuart Bartholomew
 - Portfolio Holder – Cllr Beverley Dunlop
 - RCAGM Management committee member – Alan Frost
 - BCP – Service Director
 - Amanda Barrie (Destination and Culture) till 1 April
 - Matti Raudsepp (Customers, Arts and Estates) after 1 April
 - BCP – Head of Culture – Michael Spender
 - BCP – Senior Financial Manager– Nicola Webb or other officer
 - BCP – Director of Law and Governance – Susan Zeiss or other officer
 - BCP – Programmes and Project Management Team – Matthew Rabbitt
 - RCAGM – Museum Manager – Sarah Newman
 - RCAGM – Project Manager – to be appointed
 - Dorset, BCP Museum Development Officer – Vicky de Wit.

12. The RCAGM Management Committee will be updated and make recommendations at meetings as required.

13. BCP Chief Executive and Chief Operations Officer will also be kept informed routinely.

14. Initially, no conflicts of interest have been identified between any of the parties, but as the process of externalisation continues, there will be negotiations between the different parties – new Trustee and BCP as old Trustee and as future funder. This will be reflected in the decision-making process in due course.

Projected Milestones

15. Below is the outline of milestones required. The dates are only indicative of the process, as at the time of writing a response from the Charity Commission and DCMS on timeframes was still awaited. A time frame for vesting of the Charity had been suggested of 1 April 2024 – 1 April 2025.

Projected Dates	Activity
14-Dec-22	Approval of Externalisation by BCP Cabinet
Dec - Jan	Establish a sub group of the Russell-Cotes Art Gallery and Museum Management Committee to develop risk assessment and monitor risk through project
10-Jan-23	Approval of Externalisation by BCP Council

Spring	Council Finance Team review Business Plan for externalisation in detail
Feb-23	NHLF funding secured
Spring 23	Recruit a Project Manager
Spring 23	Commission an evaluator
Spring	Consultation with the people of BCP, regular visitors, Friends, Annual Ticket Holders, volunteers and staff
Spring	Update major Stakeholders eg Arts Council, AUB, BU, cultural sector colleagues etc about progress of governance change
Spring	Procure Legal advice on governance changes - choose which vehicle for new sole trustee - CLG or CIO; any other changes needed to modernise the charity
spring	Apply to Charity Commission for a change of governance under Section 73 of the Charities Act
Summer	Establish new Corporate Trustee - CIO or CLG
Summer	Recruit the board of directors for the new Corporate Trustee
Summer	Drafting Phase of the new Governance arrangements
Summer	Board development - diversity and inclusion training, development of vision and values
Autumn	New Trustee agrees Business Plan Version 1; key principles for Legal agreements identified; Building liabilities and agreements identified in principle
Autumn	Agreement in principle of draft funding and transfer arrangement
Autumn	Publicity phase of new Governance arrangements
Autumn	Due diligence on business plan; formal consultation with staff and unions; identify pension providers and arrangements; prepare legal drafts for agreements on transfer of assets; finalise building maintenance; plan finance systems and IT systems and data transfer
Summer- Autumn	Stakeholder comms, marketing plan, community consultation

Autumn	Charity Commission: Internal approval of Governance Change
Winter	Ministerial approval of governance change and settlement
Winter 2023	Decision to proceed by BCP Council and new Trustee
Spring 2024	finalisation of all agreements, TUPE staff, pensions set up contracts, establish bank accounts, ICT branding, new marketing plan
Spring 2024	Parliamentary Phase - Order of State laid before Parliament of 21 days
01-Apr-24	Vesting Day

Current Priorities

16. The main priority is to make the application for governance change to the Charity Commission. We are therefore working with the legal team to scope and tender the legal work required to provide detailed advice on the specific governance changes required (ie the modernisation of the governing document and the optimum vehicle for the new entity (CLG or CIO) so that an application to the Charity Commission on behalf of BCP Council as Trustee.
17. Further consultation is taking place with visitors and community, onsite and online, with questionnaires, to support the application to Charity Commission. Major stakeholders will be updated on developments.
18. We will also begin the recruitment of an Evaluator and Project Manager.
19. It is also important that we start discussions with BCP Council about the financial settlement, so that the draft Business Plan can be developed fully, with its implications for funding and operations.

Summary of financial implications

20. Consideration will be part of the process of externalisation

Summary of legal implications

21. Consideration will be part of the process of externalisation

Summary of human resources implications

22. Consideration will be part of the process of externalisation

Summary of sustainability impact

23. N/A – Completed for externalisation decision

Summary of equality implications

24. EIA completed for externalisation decision

Summary of risk assessment

25. Full consideration will be part of the process of externalisation

Background papers

None

Appendices

There are no appendices to this report.