

RUSSELL COTES ART GALLERY AND MUSEUM MANAGEMENT COMMITTEE



Report subject	Update on Progress towards the Russell-Cotes becoming a fully Independent Trust
Meeting date	28 October 2024
Status	Public Report
Executive summary	<p>The Scheme which agrees the future governance framework for the new Corporate Trustee of the Russell-Cotes Art Gallery & Museum is ready for approval.</p> <p>The Articles of Association for the new Company Limited by Guarantee which will act as Corporate Trustee have been agreed with the Charity Commission and are ready for approval.</p> <p>Once these critical documents have been approved, the governance change process will move from the drafting phase into the publicity and modification phase, prior to approval.</p>
Recommendations	<p>It is RECOMMENDED that:</p> <p>The Management Committee approves the revised Scheme and Articles of Association and notes progress on moving to an independent trust</p>
Reason for recommendations	The final documents incorporate requirements from BCP Council and the Charity Commission in order for the governance change to proceed'

Portfolio Holder(s):	Cllr Andy Martin, Customers, Community and Culture
Corporate Director	Glynn Barton, Chief Operations Officer
Report Authors	Sarah Newman, Manager
Wards	Not applicable
Classification	For Decision and Update

Background

1. The Russell-Cotes has been actively reviewing its unsatisfactory governance since 2018. Its status as an unincorporated charity, with BCP Council as sole trustee, creates an inherent conflict of interest for the Trustee and a lack of financial transparency which makes it difficult for it to thrive and falls short of the standard of governance required for a modern charity.
2. A change of governance to create a new independent Company (CLG) to act as sole trustee in place of the Council was therefore supported by the Charity Commission (August 2022), approved by BCP Council (Jan 2023) and supported financially by the National Heritage Lottery Fund (March 2023).
3. A financial settlement for the new Trustee was agreed by Cabinet and then by full Council in February 2024.
 - a. £2million grant up front to enable the Russell-Cotes to establish itself as an independent organisation
 - b. Asset transfer of the Study Centre to the new Trustee, subject to appropriate overage clauses.
 - c. A one-off grant of £250,000 to support building maintenance
 - d. Transfer of earmarked reserves (currently £299,000) but subject to change

This will allow the Council to reduce its subsidy as the museum progresses under independent management as detailed in the Cabinet report.

Scheme

4. In December 2023, BCP Council applied formally to the Charity Commission for a repeal of Section 57 of Bournemouth Borough Council Act, so that the Council may be replaced as sole trustee, by a new corporate Trustee (**the Scheme**).
5. In repealing Section 57 of Bournemouth Borough Council Act, 1985, the supplementary changes to the Indentures of the Charity will no longer be in force and the governance of the charity will revert to the original Indentures of 1908 – 1920. The Scheme therefore addresses any amendments to the Indentures needed to avoid some of the outdated provisions coming back into force.
6. In addition, the Scheme will establish the requirement, agreed by BCP Council that the Council will have the right to appoint 2 Councillors to the new Board of Directors

of the new Trustee and that Sir George Meyrick and his heirs and successors will have a place on the Board.

7. The draft scheme has been under negotiation with the Charity Commission since December 2023 and was reviewed by the Committee in June 2024.

Memorandum of Articles for the New Company Limited by Guarantee (CLG) to act as new Trustee

8. The solicitors, Sharpe Pritchard have drafted the specialist Memorandum of Articles for the new corporate trustee, in consultation with the Charity Commission, as they will need to reflect the arrangements required in the Charity Commission Scheme for the Charity. This will enable the new Company to be formally registered at Companies House. A draft was reviewed by the Committee at their meeting in June 2024.
9. The project progress is being monitored by the Externalisation Steering Group of officers, councillors and Management Committee members at bi-monthly meetings.

Progress

Scheme and Articles of Association

10. The final versions of the Scheme and the Memorandum of Articles, as agreed with the Charity Commission are attached in the Appendices for the approval of the Management Committee. The Scheme will
 - a. Repeal Section 57 Bournemouth Borough Council Act 1985 as well as certain provisions in the Governing Documents which will no longer be applicable once the Council is not the Sole Trustee
 - b. Outline that Sir George Meyrick (or the person for the time being in the enjoyment of the title) has the right to be a director the CLG
 - c. Outline that the Council is entitled to appoint two directors of the CLG
 - d. Re-affirm the object of the Charity that it is 'For the benefit of the inhabitants of and visitors to Bournemouth, the provision of an art gallery and museum under the name of Russell-Cotes Art Gallery & Museum'

Recruitment of Directors for the new Trustee

11. A recruitment process has taken place for the new Board of Directors and attracted 23 applications. The three founding directors, Prof Stuart Bartholomew, Alan Frost and George Meyrick with the Museum Manager held interviews, and further initial appointments will be made in October/November. BCP Council will also nominate its two positions to the Board.

Procurement of Services for the new Trustee

12. The Project Manager has issued the tender documents for legal support for the new Trustee. Tenders for ICT and HR support are due to go out in October. Advice on establishing appropriate financial systems has been procured.

Next Steps

13. Once the Scheme has been agreed by the Management Commission as delegated by BCP Council as Trustee, it will be submitted formally to the Charity Commission. The Commission may require further formal public consultation by the Russell-Cotes

before issuing them to Department of Culture Media and Sport (DCMS) which will then either comment or lay the draft Scheme in Parliament for approval (via the negative procedure). There is no clarity yet on how long this will take.

14. The Articles of Association also need to be agreed by the Management Committee and then agreed in writing by the new Directors. Then with the agreement of the Charity Commission, incorporation can take place on an agreed date. The new Trustee will be able to operate as a shell company, in a shadow capacity, until parliamentary approval of the Scheme. It will be in existence and be required to comply with company law and filings.
15. Arrangements for the transfer of property, assets and employees will then begin.

Options Appraisal

16. n/a

Summary of financial implications

17. The project is on budget and is being funded by NHLF.

Summary of legal implications

18. The legal implications are contained in the report.

Summary of human resources implications

19. n/a

Summary of sustainability impact

20. n/a

Summary of public health implications

21. n/a

Summary of equality implications

- (a) n/a

Summary of risk assessment

22. n/a

Background papers

None

Appendices

Appendix 1 Draft Scheme

Appendix 2 Draft Memorandum of Articles for the new Corporate Trustee