

# RUSSELL COTES ART GALLERY AND MUSEUM MANAGEMENT COMMITTEE



Report subject	<b>Russell-Cotes Art Gallery &amp; Museum Update on Progress to Independence</b>
Meeting date	2 June 2025
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 &amp; Museum has been approved by the Charity Commission and BCP Council under delegated powers. It was passed to the Department of Culture Media and Sport (DCMS) in April, together with the Draft Order of State for the publicity and modification phase, before ministerial and parliamentary approval in due course.</p> <p>RCAGM Sole Trustee Ltd, the new Company Limited by Guarantee, was incorporated on 10 March 2025 and will act as Corporate Trustee in place of BCP Council after Vesting Day. The Company number is 16304062 and 9 Board members have been recruited and regular formal meetings have started.</p> <p>Due to the extended time frame and higher legal and ICT costs than anticipated, the transition costs have been revised from £119,000 to £145,000. Additional funding to cover these costs has been agreed from reserves. £100,000 will be transferred from these and the NHLF Lottery Grant, which is contributing to the project, to the new Sole Trustee so that it can procure services needed (eg HR, legal and ICT) as well as other operational costs to prepare for vesting day.</p>
Recommendations	<p><b>It is RECOMMENDED that:</b></p> <p><b>The Management Committee notes progress on moving to an independent trust</b></p> <p><b>requests officer support to progress:</b></p> <ul style="list-style-type: none"> <li><b>a) The transfer of £100,000 of reserves and grant funding to the new Sole Trustee</b></li> <li><b>b) The delivery of the pension actuarial assessment</b></li> <li><b>c) Development of legal agreements</b></li> <li><b>d) ICT Service transfer</b></li> </ul>

	<b>and delegates authority for progressing and agreeing terms to Service Director for Customer and Property, Chief Operations Officer and Monitoring Officer.</b>
Reason for recommendations	BCP Council as Trustee supports the change of governance and wishes to ensure that it be achieved in a timely way, for which it requires officer support and Council agreement.
Portfolio Holder(s):	Cllr Andy Martin, Customer, Communities and Culture
Corporate Director	Glynn Barton, Chief Operations Officer
Report Authors	Sarah Newman, Manager
Wards	Council-wide
Classification	For 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).

## Financial Settlement

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, 1985 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. The draft scheme has been under negotiation with the Charity Commission since December 2023.

## **Establishment of a New Company Limited by Guarantee (CLG) to act as new Trustee**

7. 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.

## **Progress**

### **Scheme**

8. A final draft of the Scheme (Appendix 1) has been agreed by the Charity Commission and BCP Council, as Sole Trustee. It 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'
  - e. Provide safeguards for the appointment of paid Directors
9. The Charity Commission has submitted the Scheme to the Department of Culture, Media and Sport (DCMS) for their review, as well as the Order of Parliament for bringing the Scheme into force. This is known as the 'publicity and modification' stage prior to ministerial approval.

### **Next steps**

10. When the DCMS have confirmed they are content with the Scheme as drafted, there is likely to be a period of public notice of the Scheme which is a standard process and would be conducted by the Russell-Cotes Art Gallery and Museum. The Scheme will then be passed for ministerial approval and parliamentary approval.

11. There is no clarity as yet on how much longer this process will take.

### **RCAGM Sole Trustee Ltd Incorporated to act as sole trustee**

12. With the agreement of the Charity Commission, the new sole trustee, which is called RCAGM Sole Trustee Ltd, was incorporated as a Company Limited by Guarantee with Articles of Association drafted by Sharp Pritchard on 10 March 2025 (See Appendix 2). The Company registration number is 16304062.

13. The Company was established with three founding directors:

- Professor Stuart Bartholomew
- Alan Frost
- Sir George Meyrick.

14. After a recruitment exercise in autumn 2024, a further 5 directors, including two Council appointees, have been submitted to Companies House for registration.

15. The Board has been meeting informally and now formally on a monthly basis since November 2024 in preparation for taking over the role of trustee from the Council. It is compliant with company law and filings.

### **Project Management**

16. The project was overseen by the Russell-Cotes Externalisation Steering Group consisting of members of the Management Committee, new Board, Portfolio Holder and officers until 10 April. However, with the establishment of the new CLG, this group's role has come to an end and oversight will be provided by the Management Committee and new CLG with officers providing support when needed.

17. Lucy Marder's contract as Project Manager which started in Summer 2023 has come to an end as the project enters this new phase.

### **Transition Costs**

18. The total budget proposed for the transition costs (legal, pension, project manager etc was £119,800

- £98,000 The National Heritage Lottery Fund (NHLF)
- £20,000 Russell-Cotes Reserves

The current spend is about £60,000. However, the costs of the transition process are significantly higher than anticipated, because of the increased time frame, increased legal costs and higher than anticipated ICT tenders.

19. The NHLF is not willing to consider providing further funding and has requested that the Russell-Cotes outline what it can achieve within the existing budget. Even reducing all of the non-vital expenditure (eg publicity, training, travel, some consultancy), it is not possible to deliver the project within the original budget.

20. So a revised budget of £145,000 has been drawn up which is contingent on an additional £26,000 from unrestricted reserves which has been agreed by BCP Council. This is designed to provide adequate budget for the remaining work including the legal fees for both BCP Council and the new CLG and ICT costs. Approval from NHLF for this approach is being requested.

### **Funding for the new Sole Trustee**

21. The remainder of the expenditure for transition is largely for the procurement of new services for the CLG as it prepares for vesting day and payment must come directly from the CLG as the contracting organisation. Therefore it has been agreed that £100,000 of NHLF funding and Museum reserves will be transferred to the new CLG, once its bank account has been opened and NHLF agreement received. It will then be able to formalise the necessary contracts and schedule payments as well as have budget for other expenses required to enable the new CLG to be ready to act as Trustee (including the appointment of a Business Development Manager).

#### **Procurement of Services for the new Trustee**

22. The new Trustee has procured HR and Legal Services in principle after tender processes. ICT procurement is under way. With the support of an independent accountant, accounting systems, budgets and software are being developed and a bank account is currently in the process of being opened.

#### **Next Steps**

23. When the transfer of funds is confirmed the CLG will:
- contract the HR adviser to support the development of appropriate policies and progress the transfer arrangements for staff
  - contract the legal adviser to draw up contracts with BCP Council on transfer of assets and legal agreements
  - continue policy development and familiarisation for the new Board of Directors.
24. The CLG is awaiting an actuarial assessment of pension liabilities to inform discussions on the arrangements for the staff transfer

#### **Options Appraisal**

25. n/a

#### **Summary of financial implications**

26. The project is funded largely by the NHLF. The provision of up to £100,000 to support the additional transition costs and initial operational costs of the new CLG will be funded from NHLF grant and unrestricted reserves.

#### **Summary of legal implications**

27. The legal implications are covered in the report

#### **Summary of human resources implications**

28. The HR implications are covered in the report.

#### **Summary of sustainability impact**

29. n/a

#### **Summary of public health implications**

30. n/a

#### **Summary of equality implications**

31. n/a

**Summary of risk assessment**

32. n/a

**Background papers**

None

**Appendices**

Appendix 1 – Draft Scheme (confidential)

Appendix 2 – Articles of Association