

RUSSELL COTES ART GALLERY AND MUSEUM MANAGEMENT COMMITTEE



Report subject	Russell-Cotes Art Gallery& Museum Update on Progress to Independence
Meeting date	19 January 2026
Status	Public Report
Executive summary	<p>In December 2025, the Charity Commission informed the Russell-Cotes that the Department of Culture Media and Sport (DCMS) has made progress on the governance. It has appointed a team to work on the drafting of the Scheme and the scheduling of the associated Order of State through Parliament and consulted the relevant Minister. However, DCMS require some redrafting of the Scheme, which, though largely technical, will need agreement with BCP Council as Trustee before it can be scheduled for parliamentary approval. It will therefore not be able to meet the anticipated deadline of 1 April 2026 for Vesting Day. An update is being sought on a projected Vesting Day.</p> <p>A meeting was held in November 2025 between the RCAGM Management Committee and the BCP Council Chief Executive Officer (CEO). This discussed the impact of the Council's decision to use the £2.25million lump sum (originally agreed by Council on 20 February 2024 to fund the new trustee at Vesting Day) to fund revenue costs incurred from 1 October 2025 until externalisation takes place. The Management Committee expressed their concern that this decision could undermine the future financial viability of the independent charity and therefore put the process of externalisation at risk. A verbal update will be given at the meeting.</p>
Recommendations	<p>It is RECOMMENDED that:</p> <p>The Management Committee</p> <ul style="list-style-type: none"> a) note the progress on the Scheme and Order of State by the Charity Commission and DCMS and support its timely conclusion b) note the positive meeting with the Chief Executive Officer and considers the verbal update and any action required

Reason for recommendations	<p>Since 2018, BCP Council as sole trustee has been supporting the change of governance and negotiated a financial deal to ensure a viable future for the Russell-Cotes.</p> <p>The Management Committee is a sub-committee of Cabinet with delegated responsibility for the Russell-Cotes. As the sole Trustee for the Russell-Cotes charity it has a legal requirement to act in the best interests of the charity.</p>
Portfolio Holder(s):	Cllr Andy Martin, Portfolio Holder for Customer, Culture and Communications
Corporate Director	Glynn Barton, Chief Operations Officer
Report Authors	Sarah Newman, Museum 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).

Scheme

3. A draft of the Scheme has been agreed by the Charity Commission and BCP Council and been submitted to the Department of Culture, Media and Sport (DCMS) in May 2025 for their review, as well as the draft Order of Parliament for bringing the Scheme into force.

Financial Settlement

4. A financial settlement for c. £2.25m for the new Trustee and the transfer of assets was agreed by Cabinet and then by full Council on 20 February 2024. This will allow the Council to reduce its subsidy in the long term and provide sufficient time for the new trustee to become financially sustainable.
5. The delay in externalisation from an anticipated (but never confirmed) 1 October 2025 has meant that the Council has had to retain the revenue costs of supporting the museum for longer than anticipated. No provision for revenue funding beyond 1 October had been budgeted. So, the Council had proposed that the Russell-Cotes is funded from the lump sum of £2.25m that had been agreed for the new Trustee on Vesting Day.

RCAGM Sole Trustee Ltd Incorporated to act as sole trustee

6. The new sole trustee, which is called RCAGM Sole Trustee Ltd, was incorporated as a Company Limited by Guarantee (registration number 16304062) and is meeting regularly to negotiate on the transfer and in preparation for taking over the role of trustee from the Council.

Progress

Financial arrangements

7. A meeting was held in November 2025 between members of the Management Committee and the Chief Executive Officer about the potential impact of using the lump sum allocated to the new Trustee to fund revenue from 1 October 2025. They were concerned that it would potentially make the Charity financially unviable putting the externalisation process in jeopardy with the consequence of the museum remaining the responsibility of the Council as sole trustee.
8. The Chief Executive agreed to look at the issues and consider the options. A verbal response will be given at the meeting.

Scheme and Parliamentary Order

9. The draft scheme was subject to a period of Public Notice from 29 September – 29 October 2025. This was conducted satisfactorily, and no objections were received by the Charity Commission.
10. In the autumn, DCMS appointed a team, including parliamentary drafters, to manage the process of taking the Scheme through Parliament by Order of State. The Minister has also been consulted.
11. However, despite the scheme being drafted by Charity Commission, DCMS now requires some redrafting to meet current requirements for primary legislation. Apart from some small revisions, it is not anticipated that the changes will be materially significant, but the new draft will need to be approved by BCP Council and the new Trustee in due course.
12. While, it is not likely that a further period of Public Notice will be required, the Order of State must be laid before Parliament for 40 days.
13. The target date of 1 April 2026 for vesting therefore cannot be achieved. The Russell-Cotes has requested a vesting date as soon as possible thereafter and awaits an update on a likely timetable in mid-January.

Summary of financial implications

14. The funding arrangement was agreed at Council on 20 February 2024. It agreed
 - £2million grant up front to enable the Russell-Cotes to establish itself as an independent organisation
 - Asset transfer of the Study Centre to the new Trustee, subject to appropriate overage clauses.
 - A one-off grant of £250,000 to support building maintenance
 - Transfer of earmarked reserves (currently £299,000) but subject to change
15. The funding agreement was predicated on enabling the new Trustee to deliver the activities of the museum for a number of years giving it the time and opportunity to develop its own funding streams, and create a sustainable future for itself, and further Council support would not be required.
16. The delay in externalisation from 1 October 2025 to beyond 1 April 2026 means that the Council will retain the revenue costs of supporting the museum for longer than

anticipated, as the lump sum funding agreement does not come into existence until vesting day. Monthly costs are approximately £50,000. Given that the Council's funding towards the operation of the museum ended on 30 September, the continued costs of the museum present a pressure and the only agreed funding available for the museum that can meet those costs is the lump sum.

Summary of legal implications

17. BCP Council and the Management Committee have a legal obligation as Sole Trustee of the Russell-Cotes to be acting in the best interests of the museum.
18. The Council agreed on 20 February to provide financial support outlined in the report at the point of vesting.

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

22. N/A

Summary of risk assessment

23. There is no proposed date for externalisation currently, though it is understood that if the draft Scheme had been accepted by DCMS in December 2025, 1 April 2026 for vesting would have been achievable.
24. It is understood that DCMS are fully engaged on the redrafting, but at the moment there is no indication of how long this might take. It seems that the parliamentary scheduling takes at least 4 months.
25. Operational costs will rest with the Council for a further period beyond 1 April of at least a few months and possibly up to a year or more.
26. The size of the reduction of the lump-sum of £2.25m agreed by Council for the new Trustee, is unknown but could be very significant (minimum £300,000 based on 1 April vesting day) and given the liabilities that the new Trustee will be assuming from the Council, it may undermine the financial basis on which the new Trustee has been established. There is a resulting risk that the directors of the new Trustee feel that the risks outweigh the potential benefits of progressing and withdraw their support, which may effectively stop the externalisation process. In the event externalisation does not happen the management and costs of the museum would be retained by the council, unless an alternative strategy were to come forward.

Background papers

None

Appendices

There are no appendices to this report.