

RUSSELL COTES ART GALLERY AND MUSEUM MANAGEMENT COMMITTEE



Report subject	Russell-Cotes Art Gallery & Museum Update on Progress to Independence
Meeting date	1 June 2026
Status	Public Report
Executive summary	<p>The Department of Culture Media and Sport (DCMS) have undertaken significant redrafting of the charitable scheme to update the governance of the Russell-Cotes charity. It is understood from the Charity Commission that the redrafting is nearly complete and that it is realistic to expect the Scheme to be laid before Parliament in September 2026. An update is being sought on a projected Vesting Day.</p> <p>Three positive meetings have been held since November 2025 between the BCP Chief Executive Officer and the Chair of the RCAMG Management Committee/new Sole Trustee about the Council's decision to use the £2.25 million lump sum (originally agreed to fund the new trustee at Vesting day by Council on 20 February 2024) to fund revenue costs incurred from 1 October 2025 until externalisation takes place. This is likely to reduce the lump sum by c.£600,000 and therefore undermine the future financial viability of the independent charity putting the process of externalisation at risk. However, no agreement has been reached with the CEO on a mutually acceptable solution.</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 support its timely conclusion b) Request an update from the Chief Executive Officer
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 Matti Raudsepp, Service Director, Culture and Property
Wards	Not applicable
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).
3. 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.

Parliamentary Scheme

4. A draft of the Scheme was agreed by the Charity Commission and BCP Council and 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. The museum carried out a period of public notice of the Scheme in October 2025 and no objections were received.
5. However, since then, DCMS has required the extensive redrafting of the Scheme to meet current guidelines for primary legislation, to the extent that it was unable to meet the anticipated 1 April 2026 target date. DCMS and Charity Commission then endeavoured to prepare the draft so that it could be laid before Parliament before the summer recess, but it has been unable to meet this timetable either.
6. It is understood that drafting is still on going but nearing the end and that it is realistic to expect that the Scheme will be laid before Parliament in September 2026. An updated timetable has been requested from DCMS to understand the likely consequent Vesting Day.

Financial Settlement

7. 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.

8. 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 2025 had been budgeted. So, since 1 October 2025, the Russell-Cotes is being funded from the lump sum of £2.25m that had been agreed for the new Trustee on Vesting Day. The impact is likely to be £50,000 per month.
9. At their meeting in October 2025, the Management Committee requested an urgent meeting with the CEO. In November a meeting was held and the Committee expressed their concern that this would make the new Trustee financially unviable and jeopardize the progress to independence. Two meetings have been held subsequently between the CEO and the Committee Chair however, no agreement has been reached.

Options Appraisal

10. n/a

Summary of financial implications

11. 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
12. 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.
13. The delay in externalisation from 1 October 2025 to 1 October 2026 at the earliest, 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 2025, 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

14. 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.
15. The Council agreed on 20 February to provide financial support outlined in the report at the point of vesting.

Summary of human resources implications

16. n/A

Summary of sustainability impact

17. n/a

Summary of public health implications

18. n/a

Summary of equality implications

19. n/a

Summary of risk assessment

20. There is no proposed date for externalisation currently, though it cannot be before 1 October 2026. A timetable is awaited.
21. Operational costs will rest with the Council for at least a year after 1 October 2025.
22. 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 £600,000 based on 1 October 2026 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. The reduction of the dowry is likely to be £600,000, ie a reduction from £2million to £1.4million providing little more than 2 years funding for the new Trustee.
23. 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.'