Report Subject | Museum Governance
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Task and Finish Group | Councillor Stephen Chappell, lead; Councillors Bob Chapman, Allister Russell, Philip Stanley-Watts, Michael Weinhonig
Meeting date | 10 December 2014
Cabinet Portfolio | Councillor Lawrence Williams, Tourism, Leisure and Culture
Corporate Lead | Bill Cotton, Executive Director, Environment & Economy
Service Director | Mark Smith, Director of Tourism & Corporate Communications
Status | Public
Report author | Chris Saunders, Head of Operations
| 01202 451778
| chris.saunders@bournemouth.gov.uk

Recommendation | That the Cabinet Portfolio Holder is asked to approve the following recommended course of action–

1. To adopt the findings and follow the recommendations of the Audit report (Appendix 1) and ultimately set up a new management committee for the Russell-Cotes Art Gallery & Museum;

2. To instruct legal services to provide appropriate wording to be included within decision notices (both member and officer) to document that decisions are considered and taken on behalf of the Council acting its capacity as trustee;

3. To instruct legal services to advise on the steps required to set up an effective governance model for the management committee (e.g. as a subcommittee of Cabinet) and on the Charity Commission and legal requirements to recommend an effective and lawful governance;

4. To ask officers to consider the legal advice and recommend an appropriate structure for the
<table>
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<tr>
<th>Reason for recommendation</th>
<th>To deliver an enhanced governance model that:</th>
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<td>1. Is fit-for-purpose and ensures legal and ethical compliance with the relevant legislation and Charity Commission requirements;</td>
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<td>2. Sustains and strengthens the relationship with the Council and maximises the opportunities this provides;</td>
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<td>3. Maximises fundraising potential and supports the CST work strand to increase income;</td>
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<td>4. Ultimately positions the Russell-Cotes Art Gallery &amp; Museum to drive forward its transformation strategy, deliver its vision to inspire and enrich the lives of Bournemouth’s residents and visitors by creating a cultural flagship around a unique house and international art collections.</td>
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**Background detail**

1 The Russell-Cotes Art Gallery & Museum Business Transformation strategy identified an opportunity to ensure governance arrangements align with the Charities Act 2011 and best practice. It highlighted the need to be able to demonstrate the Charity’s independence and more specifically, to enhance the structure of its management committee to provide clear, independent decision-making, including ensuring that there is a mechanism to manage any conflicts of interest.

2 Linked to this, it also highlighted the need for transparent financial arrangements and management, which are compliant with the Charities Act and therefore fit-for-purpose for fundraising activity.

3 Current arrangements are ambiguous and leave both the Council and individuals at risk of challenge. Without a proper governance structure the Museum’s accreditation status is at risk and income streams such as Gift Aid, grants and fundraising are threatened.
4 During the Task and Finish process, Internal Audit was asked to look at the decision-making arrangements in respect of the Museum and a copy of the outcome is attached to this report at Appendix 1. This document also gives greater detail about the background of the charitable trust.

Consultation

5 The Task and Finish group was made up of members from both the Community and Economy & Tourism scrutiny panels. The members were Cllr Chappell (Chair), Cllr Chapman, Cllr Weinhonig, Cllr Russell, and Cllr Stanley – Watts. The original planning tool for the task and finish work is attached at Appendix 2 for reference. The recommendations contained in this report were agreed as an outcome from the final group meeting.

6 Officers from legal, finance and tourism attended the meetings, as did the Dorset Museums Advisor.

7 Further consultation will be required with the Charity Commission once the final structure is agreed to gain their approval.

8 As part of the ongoing process a peer review will be conducted by the South Western Federation of Museums and Art Galleries which will strengthen the legitimacy of the changes.

Options

9 The Task and Finish members looked at various governance arrangements in place in other museums. Each one had potential benefits and challenges and, ultimately, an enhanced management committee model was deemed most appropriate in this case. It is likely the Council’s other charitable interests will be subject to a similar model and a consistent approach should be encouraged where possible.

Timeline

10 The timeline for delivery is as follows -

10th December 2014 Community Overview & Scrutiny Panel – to consider task and finish group report

17th December 2014 Economy & Tourism Overview & Scrutiny Panel – to advise of outcomes from Community Panel

Winter/ spring 2015 Constitutional research & and agree shape of management committee
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<th>Period</th>
<th>Activity</th>
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| Spring 2015         | Peer review with South Western Federation of Museums and Art Galleries  
                       | Consultation with the Charity Commission                   |
| Late spring 2015    | Prepare Cabinet report                                    |
| Early summer 2015   | Report presented to Cabinet                               |
Appendices

Appendix 1

Internal Audit Report - Governance & Specific Arrangements - Russell-Cotes Art Gallery & Museum Charitable Trust (306288)

Background

In 1908 Lord and Lady Russell-Cotes gifted the contents of their home to the Bournemouth Corporation, now Bournemouth Borough Council, together with a lease of the house itself. In 1918, Dame Russell-Cotes granted the freehold of the property to the Council. The Council was required to hold the contents and house for the benefit for the people of Bournemouth.

The Russell-Cotes Art Gallery & Museum Charitable Trust was formed on 30 July 1962 to take over responsibility for the house and contents.

The Bournemouth Borough Council Act 1985 codified the existing arrangements by setting out what the Council as Trustee can do with the house and exhibits and includes their storage, loans to other museums and the sale of damaged or poor condition items. The Act requires that proceeds from the sale of these items must be used for the purchase of other exhibits.

Governance Arrangements

The charity was formed on 30 July 1962 with the object of the Trust is the purpose of an art gallery and museum. The Trustees listed on the Charity Commission website as at 3 November 2014 are as follows:

- Bournemouth Borough Council

Bournemouth BC manages the Trust in its role as Trustees.

The arrangements for the Trusts governance are set out in the Council's Constitution at 3:6.2 where it states that the Council as Trustee delegates decision making authority to the Cabinet who acts as the Management Committee for the Trust. In practice, council officers make decisions regarding the operation of Trust business who then get these decisions ratified by the Portfolio Holder- Tourism, Leisure & Culture.
A review of Cabinet decisions confirmed that the decisions made are not considered at Cabinet meetings and there is no record in Cabinet minutes of the portfolio holder's decisions.

All assets which belong to the Trust have been included in the Trust accounts for 2013/14, previously some had been included in the Council SoA and as such the 2012/13 comparatives within the SoA have been adjusted in the 2013/14 accounts.

Conclusion

The following recommendations have been made as a result of the findings from the review of the Trust's governance arrangements:

**Recommendation 1:**
It is recommended that, in the short term, the Cabinet (or its delegated representatives) fully demonstrate that any decision made relating to the Russell-Cotes Trust is made in the capacity of Trustee of the Trust rather than as a Member of the Council. In addition, it is recommended that all decisions in respect of the Trust are noted by the Cabinet on a regular basis.

**Recommendation 2:**
It is recommended that, in the short term, mechanisms are put in place to ensure that decisions made by officers through the Council's scheme of delegation in respect of the Trust's activities are reported back to Cabinet.

**Recommendation 3:**
It is recommended that, in the long term, in order to demonstrate the separation between the Council and the Trust, a Trust Board is implemented similar to that operating in respect of the Lower Central Gardens Trust once the improvement recommendations have been implemented. Thus the new arrangements should also ensure that officer decisions made under the Council's scheme of delegation should be reported to this body once established and decisions made by the Trust Board should be formally noted by the Council in its role as Trustee.
## Appendix 2 – Task and Finish Planning Tool

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<th>Panel:</th>
<th>Community / Economy &amp; Tourism</th>
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<tr>
<td>Review Title:</td>
<td>Museum Services - Governance</td>
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### Desired Outcomes:

To deliver an enhanced governance model that:
- Is fit-for-purpose and ensures legal and ethical compliance with the relevant legislation;
- Sustains and strengthens the relationship with the Council and maximises the opportunities this provides;
- Maximises fundraising potential and supports the CST work strand to increase income;
- Ultimately positions the Russell-Cotes to drive forward its transformation strategy, deliver its vision to inspire and enrich the lives of Bournemouth’s residents and visitors by creating a cultural flagship around a unique house and international art collections.

### Planned Areas of Investigation:

The Museum Business Transformation strategy identified an opportunity to ensure governance arrangements align with the Charities Act 2011 and best practice. It highlighted the need to be able to demonstrate the Charity’s independence and more specifically, to enhance the structure of its management committee to provide clear, independent decision-making, including ensuring that there is a mechanism to manage any conflicts of interest.

Linked to this, it also highlighted the need for transparent financial arrangements and management, which are compliant with the Charities Act and therefore, fit-for-purpose for fundraising activity.

Current arrangements are ambiguous and leave both the Council and individuals at risk of challenge. Without a proper governance structure income streams such as Gift Aid and fundraising are severely threatened.

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<tr>
<th>Councillor Membership:</th>
<th>Councillor Michael Weinhonig, Councillor Bob Chapman (Panel Chairs) + up to three others.</th>
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<td>Review membership to be advertised to all other non-Executive members in line with the Council’s task and finish protocol.</td>
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| Officer Support: | Chris Saunders (lead officer)  
Democratic Services (procedural support as/when required)  
Vicky DeWitt Dorset Museums Advisor  
Sue Hayward, Museum Manager  
Legal representative  
Finance representative (Matt Bassett or Marta Patsalis (VAT specialist)) |

**Timescales and Milestones:**

The review will start following the June cycle of O&S Panel meetings.

The outcome of the review will need to be reported to the Cabinet on 12 November 2014.

This will require completion of task and finish work by the end of September. As this may not fit into the September O&S cycle of meetings the review may be signed off by members electronically.

**Agreed Meeting dates:**

Democratic Services will set the first meeting date. A suggested work plan is as follows:

Meeting 1: housekeeping issues and confirmation of scope as outlined below  
Meeting 2: investigative work (including any witness consultation)  
Meeting 3: investigative work  
Meeting 4: shaping of recommendations  
Final report may be confirmed by email consultation.

Taking account of availability of those involved, the suggested weeks available for meetings are:

- w/c 30th June  
- w/c 14th July  
- w/c 8th September  
- w/c 22nd September

It is likely some input will be required during the August recess.

**Key Points to agree at next meeting:**

- Set the programme of meeting dates
• Agree the lead member for the review
• Agree the key areas of investigation – anything to add or remove?
• Agree any witnesses to consult
• Discuss work to be undertaken by Councillors before the next T&F group meeting – reading of material/ preparation of questions for officers/ discussions with key officers?