

Chichester District Council

THE CABINET

11 July 2017

Pallant House Gallery – Revised Articles of Association

1. Contacts

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2. Recommendation

- 2.1. That the Cabinet approves the revised Articles of Association for Pallant House Gallery in the appendix to this report.**

3. Background

- 3.1. The Pallant House Gallery is a registered charity and company limited by guarantee, which operates independently of the Council. The Council set up the charity in 2004, enshrined within Articles of Association which define how the Gallery would operate. The Council owns Pallant House, which is leased to the charity. The Gallery houses the Hussey Bequest art collection which belongs to the Council, amongst work within their collection.
- 3.2. At its meeting of 8 September 2015, Cabinet indicated that the Council's representation on the Board of Directors of Pallant House Gallery would, depending on the outcome of the Governance Review being undertaken by them, reduce to one member of the Council. Cabinet also agreed to receive a further report in respect of the approval of revised articles of association and the outcome of the Gallery's Governance Review.
- 3.3. Pallant House Gallery appointed Egeria to undertake a governance review, and their report was approved by the Board of Trustees in late 2015. A small Task and Finish Group was established to implement its proposals, and a significant focus has been on reorganisation of the Gallery's governance structure.
- 3.4. The existing Management Committee has now ceased to function and has been replaced by three new Committees of the Board: Finance and Investment Committee, Audit and Risk Committee, and Nominations Committee. Trustees and non-trustees have been appointed to all three Committees and terms of reference agreed.
- 3.5. In addition, three informal working and support groups have also been formed: Collections and Exhibitions, Learning and Community, and Commercial and

Marketing. Terms of reference for these three groups has also been agreed by the Board.

- 3.6. The most time consuming element of the Egeria recommendations is the amalgamation of the Gallery with its sister organisation, the Friends of Pallant House Gallery. Both organisations are in agreement, and the Friends have passed a resolution that will allow Pallant House Gallery to be the Sole Trustee, which will proceed subject to HM Revenues and Customs approval and the adoption of new Articles of Association (see below). The function of the Friends group will remain, and a new Friends Committee of the Gallery will be established (terms of reference for which have already been agreed by the Charity).
- 3.7. Finally, the Governance report recommended that the changes would require updating the various documents that incorporate the Gallery, including the Articles of Association. While the Board is empowered to make those decisions, it is recognised that Chichester District Council set up the Gallery and therefore the Council's approval is sought to the changes to the Articles. The Board of Pallant House Gallery have approved Articles for this Council's consideration.

4. Outcomes to be Achieved

- 4.1. Chichester District has a rich and varied heritage as a renowned cultural and arts destination. The contribution that the Arts make to the Health and Wellbeing of District residents is recognised in the Chichester in Partnership Community Strategy. The arts and the area's heritage are key economic drivers within the District, and Pallant House Gallery have recently completed an Economic Impact Study (see the Exempt report to Cabinet at their meeting on 6 December 2016).
- 4.2. These outcomes will be sustained through an effective and efficient board of directors of the Pallant House Gallery, as an important element of this heritage, and through an appropriate relationship with the District Council.
- 4.3. The purpose of the Council's representation should be clarified as being a non-executive monitoring role in what should be a more self-sustaining independent organisation. The representative would provide a strategic linkage between Gallery direction and Council objectives, democratic representation of community voice, governance and monitoring and ensure the Council's interests are considered and financial contribution protected.

5. Proposal

- 5.1. The proposed changes to the Articles of Association (see Appendix 1) have been reviewed by officers, and are considered to both modernise the language used and also to integrate certain clauses from the standard "model" articles suggested by the Charities Commission.
- 5.2. Officers have proposed several amendments to earlier drafts shared with the Council, to ensure that the interests of the Council (and the collection items set out above) are clearly protected as was always the intention of the parties and to remove any potential conflict between clauses.

- 5.3. In respect of the Council's representation, the previous indication that one representative would be required has been confirmed, but with flexibility to appoint a second representative where appropriate (for example if the size of the Board increased significantly). This is considered unlikely at this time, but is included to protect the Council's outcomes to be achieved.

6. Alternatives Considered

- 6.1. The Cabinet could propose a different number of appointments to the Board, but this would be inconsistent with recommendations made in September 2015.
- 6.2. The articles could have been agreed without amendment but this would have weakened the clarity required by the Council as to the future relationship with the Gallery.

7. Resource and Legal Implications

- 7.1. There are no resource implications, as the work to update the relevant documentation is being undertaken on behalf of the Gallery (and the Friends of Pallant House Gallery) by appointed Charity Solicitors.

8. Consultation

- 8.1. The development of the Review involved full consultation with the existing Boards of both the Gallery and the Friends and the formal transfer of the Friends of Pallant House Gallery will require the support of their membership, at a General Meeting.
- 8.2. The Articles of Association had previously been submitted to the Council for comment, and have been reviewed by Paul Over, Executive Director, the Communities Team and the Legal Services Team. The version approved by the Pallant House Gallery Board on 16 June 2017 has been confirmed by the Legal Services Team as addressing all points raised.

9. Community Impact and Corporate Risks

- 9.1. The role of the Gallery in the community has changed and developed since it was formed as a separate charity in 2004. The principal thrust of the recommendations contained within the Gallery's Governance Review is to form a smaller, yet more effective, Board, within which all of the many areas of competence and support that the Gallery requires are represented.
- 9.2. The reduction in appointments still allows the Council to have a key interest in the operation of the Gallery. The Gallery leases a Council-owned building and houses a Council-owned art collection, and is currently in receipt of significant funding from this Council, which will end in 2018. The funding, post 2018, has been reviewed and the recommendation to continue funding at a revised level for a four year period was approved by Council in January 2017. However, it is recognised that there is some benefit in a more arms-length relationship.

10. Other Implications

Crime and Disorder	None
Climate Change	None
Human Rights and Equality Impact	None
Safeguarding	None
Other	None

11. Appendices

11.1 Revised Articles of Association

12. Background Papers

12.1 None