

National Portrait Gallery

760TH MEETING

Minutes of the Meeting of the Trustees held at the National Portrait Gallery on **Thursday 14 May 2015**

Present:

- Sir William Proby (Chairman)
- Dr Brian Allen
- Professor Dame Carol Black
- Dr Rosalind (Polly) Blakesley
- Ms Kim Evans
- Lord Janvrin
- Dr Andrew Roberts
- Mr David Ross
- Mr Stephan Shakespeare

In attendance:

- Dr Nicholas Cullinan, Director
- Mrs Pim Baxter, Deputy Director and Secretary to the Board
- Ms Ellie Darton-Moore, Manager, Director's Office (minutes)

1. Chairman's business

The Chairman welcomed the Director to the meeting. He extended thanks to the Deputy Director and colleagues for the exemplary handover between Directors, and thanked the Deputy Director for her commitment to the role of Acting Director during this period.

The Chairman noted that following the General Election on 7 May 2015, The Rt Hon John Whittingdale MP had been appointed as Secretary of State for Culture, Media and Sport. The Rt Hon Ed Vaizey MP had been re-appointed as Culture Minister.

The Chairman confirmed that the appointment of the two new Gallery Trustees had been postponed until after purdah, and that he had met with Clare Pillman, Director, DCMS who had confirmed that the appointment recommendations would be put before the Secretary of State imminently. The Chair was hopeful that a decision would be approved quickly, in particular the Buildings/Architecture role so that this individual could contribute to the planning for *Inspiring People* as soon as possible.

The Chairman noted that the Gallery should prepare itself for a cut in Grant-in-Aid which could comprise 2% during the next financial year, and 5% the following year. These figures would be confirmed in the autumn Spending Review.

The Chairman noted that he had contacted Hannah Rothschild, Chair of the Board of Trustees at the National Gallery, regarding the proposed sale of the freehold of the East Wing, and that this correspondence had been very favourable. Nicholas Cullinan hoped to meet with Nicholas Penny, outgoing Director, National Gallery, and Gabriele Finaldi, incoming Director, National Gallery, in June to further discuss this matter. The Trustees hoped that this would encourage a co-operative and ongoing relationship with the National Gallery.

The Chairman expressed his condolences to the National Trust following the fire at Clendon Park House on 29 April 2015. The Chairman had written to Dame Helen Ghosh, Director General of the National Trust to express his sympathies on behalf of the Gallery. This incident served as a reminder to ensure emergency procedures were robust at the Gallery's regional partner institutions.

The Director left the meeting and the Chairman updated the Trustees on the recent meeting of the Remuneration Committee.

2. Apologies and Declarations of Interest

Apologies for absence were received from Ms C Allegra Berman, Dr Augustus Casely-Hayford, The Rt Hon Chris Grayling MP, Mr Christopher Le Brun and Ms Marina Warner. No new declarations of interest were made.

3. Minutes of the previous meeting

The minutes of the meeting held on 12 March 2015 were approved as an accurate record and were signed by Lord Janvrin who had chaired the March meeting. The Trustees noted their thanks to Ms Helen Corcoran who had recorded the minutes for this meeting.

4. Matters arising

The Chair noted that there were no other matters arising.

5. Director's Report

The Director offered his thanks to the Trustees for welcoming him to the meeting, and especially to the Deputy Director for undertaking the role of Acting Director.

The Director reported that exhibition attendance figures were higher than anticipated, with *Sargent: Portraits of Artists and Friends* 20% over target, and *Wellington: Triumphs, Politics and Passions* 84% over target. The Trustees agreed that this was due to a combination of factors including that the exhibition was free, on the ground floor and opposite the entrance to *Sargent*. There had not been increased retail sales as a result of the exhibition. The Director reported that more advance tickets had been sold for *Audrey Hepburn: Face of an Icon* than any previous Gallery exhibition. The Gallery had hosted a press launch for *Giacometti: Pure Presence* on 12 May 2015 which had been very well received.

The Director also reported that the exhibition *Self* at Turner Contemporary to which the Gallery had lent the Van Dyck self-portrait had received 125,000 visitors which was 30% over the target. The Van Dyck self-portrait would travel to Manchester City Art Gallery the following week.

The Director reported that he would meet with the Chief Curator and the Director of Learning and Participation to discuss the 'vision' for *Inspiring People*. The Chairman stated that the articulation of the 'vision' had been raised as a concern at the Trustees Review Day in September 2014 during which it had been challenging to answer the questions of 'Why us?' and 'Why now?' but he hoped that the Director's work would address these concerns.

The Director reported that he would prepare a document detailing his initial impressions of the Gallery which he would present at the Board meeting in July. The initial areas in which he hoped to focus Gallery resources would be: National programmes and partnerships; International collaborations; and the Digital offer encompassing research and scholarship.

The Chairman thanked the Director for his report.

6. Offers for Consideration

The Chief Curator and Curators presented the works on offer, which consisted of an oil on panel painting of Henry Stanley, 4th Earl of Derby by an unknown English artist, an album of 70 albumen prints by Oscar Gustav Rejlander, an oil on canvas painting of Dylan Thomas by Augustus John, a graphite and black ink on paper depiction of Francis Aungier Pakenham, 7th Earl of Longford by Katerina Wilczynski, a silver gelatin print of John Egerton Christmas Piper by Walker Evans, a black chalk and pencil on paper portrait of the Duchess of Cambridge by Paul Emsley, and an oil on canvas painting of Stephen Frears by Catherine Goodman. The Trustees gave their authority to the Director to move forward with the acquisitions and to update the Board at the next meeting.

The Trustees discussed the sale price of works and the Chairman suggested that sales prices should be pre-agreed with artists before a display is planned. This would prevent the Gallery from purchasing works at inflated sales prices.

The Trustees moved to the Conservation Studio to view three additional offers, which consisted of a self-portrait *Map of Days* by Grayson Perry, a ceramic bust of Joan Bakewell by Glenys Barton, and a painted bronze sculpture of Sir Tim Berners-Lee by Sean Henry.

The Trustees discussed the implications for accepting *Map of Days* by Grayson Perry into the Collection and questioned whether it was in keeping with the Acquisitions Policy of the Gallery. The Chief Curator noted that the Acquisitions Policy was recently revised to promote a wider understanding of portraiture, and reflect the changing practice of contemporary artists, and that this work did not challenge the policy.

- THE CHIEF CURATOR would incorporate a summary of the Acquisitions Policy at the start of all future 'Offers for Consideration' papers
- THE TRUSTEES approved the acquisition of the portraits on the appended list.

7. Update on Current Commissions

Sarah Howgate, Contemporary Curator, presented an update on current commissions. There was no update on the other proposed commissions however the Trustees hoped that these could be taken forwards now that the new Director was in post.

8 2020 Plan update

The Deputy Director reported that the Gallery had received feedback from Westminster City Council following the submission of the masterplan proposals earlier this year. Westminster City Council was broadly supportive of all of the proposals with the exception of the plan to infill the large north lightwell and the proposed new entrance to the Learning Centre. Haworth Tompkins would conduct an additional feasibility study during the following 8 to 12 weeks and suggest an alternative proposal. There would be a further update at the July Trustees' meeting.

The Deputy Director also reported that Deloitte, the National Portrait Gallery surveyors, and Montagu Evans, the National Gallery surveyors, had reached an agreement on the value of the East Wing freehold. This could be partly funded by the recent anonymous donation to the Gallery, and the Trustees suggested that the remainder could be requested as a loan from DCMS. The Director of Estates and Operations would draft a Heads of Terms

document. The Director hoped that a meeting with Nicholas Penny, Gabriele Finaldi and Hannah Rothschild to further discuss this matter would take place in June.

The Trustees raised concern that the Gallery was unlikely to be awarded the full £12 million grant from the Heritage Lottery Fund and suggested that it could be more appropriate to submit two separate bids over an extended period. The Deputy Director stated that the Gallery was in constant dialogue with the Heritage Lottery Fund and would aim in the first instance for a £12 million grant but had also considered alternative options should this be unsuccessful.

9. Finance and Planning

The Chairman welcomed Nick Hanks, Director of Finance and Planning, to the meeting.

9(a) Management Report for the six months to 31 March 2015

Brian Allen, Finance Trustee, thanked the Director of Finance and Planning for the work that he and his colleagues had done to ensure the healthy financial position of the Gallery. He noted that the figures reported in the Management Report were before the adjustments for accrued expenditure. He reported that income was ahead of budget by £2.47k, and expenditure was behind budget by £2.17k, resulting in a positive variance of £4.64k.

Core income was ahead of budget by £1.46 million, mainly due to the anonymous donation which had been received earlier in the year. Individual Giving Membership was ahead of budget by £327,000 however, Patrons and Associates Membership showed a negative variance of £68k due to the phasing out of the Associate Scheme.

Exhibitions related income was above target due mainly to *Sargent: Portraits of Artists and Friends* which made up for the shortfall caused by *Bailey's Stardust*. Total, combined expenditure was below budget by £2,173k due to underspends across all departments, particularly Trading, and Exhibitions and Collections. Retail sales figures showed a 15% increase compared to March 2014. The Company's profit to date was £1,140k which was ahead of the budgeted target by £111k.

There had been a record number of visitors to the Gallery in 2014-15, beating the previous record set in 2012-13 by 27,000 (1.3%). The key performance indicators were very positive however there was a slight fall of 2% in visits by overseas visitors, but an increase in visits by children (10%) and UK adult BAME (44%). Visitor satisfaction rates were similar to the previous year.

The Trustees discussed the need to increase the offer for families and children as part of *Inspiring People*.

9(b) Revised 2015-18 Corporate Plan

Nick Hanks, Director of Finance and Planning, presented the revised 2015-18 Corporate Plan and invited comments. At the March meeting the Trustees had commented that the Plan lacked the sense of transformative vision and there was concern that the *Inspiring People* project was not sufficiently embedded in the Plan as it stood. Trustees were pleased that the *Inspiring People* project now had a greater presence in the narrative, but recognised that the Corporate Plan would take time to emerge in its entirety and that this document should be revised and updated to reflect the progress with the project. As the project developed, the Plan should also reflect the wider issues which the project embraced, such as national

identity, and should focus less on narrow internal Gallery issues. The Trustees suggested incorporating more case studies as they emerged.

9(c) Revised 2015-18 Budget

Nick Hanks presented the revised 2015-18 Budget, an initial version of which had been reviewed at the Trustees' meeting in March. This Budget anticipated that the Gallery would receive further cuts in its support from Government in the forthcoming Spending Review, based on the rhetoric of the various political parties before the General Election. The papers provided a revised profile for the three years, with the deficit in 2015-16 reduced from £702k to £490k in the core budget, which is where the Gallery would experience most pressure from potential cuts. Projects were self-funding, and had a neutral impact on the overall budget. The 2015-16 deficit had been reduced by a combination of additional income and savings across several departments. Nick Hanks presented the potential contingencies the Gallery could implement in the event of possible cuts in Grant-In-Aid of 5%, 8% and 10%. A key contingent action was to extend the Portrait Café and relocate the bookshop to the Digital Space. The additional net annual income which would be generated from this proposal would be in the order of £266,000. The proposal would be reviewed by Trustees later during this meeting. Should there be severe cuts of 10% there may need to be reductions in projects and certain Gallery programmes and the Gallery may need to increase its draw on the unrealised investment gains in its investment portfolios. He demonstrated that over the period self-generating income per staff member had increased, and staff costs had remained constant as a proportion of the Gallery's total expenditure over the past five years. In answer to queries over future staff levels he confirmed that the Budget had been prepared on the basis of static staff numbers. The Chairman concluded that the revised Budget provided a more acceptable profile over the three years and the contingencies outlined were credible and deliverable should cuts in Grant-In-Aid materialise in the upcoming Spending Review.

9(d) Portrait Café and Gallery Bookshop proposal

Robert Carr-Archer, Director of Trading, and Alan Smith, non-executive Director of the National Portrait Gallery Company Limited presented the proposal to expand the Portrait Café and relocate the Gallery Bookshop. The proposal suggested that the expansion of the Café into the bookshop space would lead to double the number of customers, but had taken a conservative view that net income from commission might only increase by 50% as a result. The extension would take place in two stages:

1. Expand the Café but provide the same catering offer
2. Create a more self-contained Café by encouraging customers to use the St Martin's Place entrance, and by extending the opening hours and the catering offer to include hot food. This would also entail the installation of additional toilet facilities.

Robert Carr-Archer presented the business case which comprised conservative sales estimates for the newly located Bookshop. He reported that the new location would not impact on noise levels within the Gallery, due to the soft furnishings and the nature of the goods on sale, but that a glass screen could be installed if noise proved to be an issue. This proposal would also include the retention of 5 computers from the Digital Space. With the Trustees approval, the new Café could be opened by mid-July, and the bookshop by the end of July 2015. The Trustees suggested that the creation of new signage would ensure maximum trade at both locations.

The Chairman thanked the Director of Trading and the non-executive Director of the National Portrait Company Limited for the report.

- THE TRUSTEES approved the proposal

9(e) Portrait Trust Update

Nick Hanks reported that the fieldwork had been completed for the independent examination of the Trust's 2014-15 accounts which would be submitted for approval by the Portrait Trust Trustees at their meeting in July 2015. The Gallery Trustees confirmed that it remained important to maintain the Portrait Trust as a separate entity into which funds could be lodged outside of Treasury spending rules, given that the recent freedoms over access to Gallery reserves remained as part of a four year pilot scheme only, and which could be terminated at the end of the pilot period.

9(f) Investment Report

Nick Hanks reported that the Investment Contingency Fund, the Portrait Fund, and the Catalyst Endowment Fund had all increased in value since January 2015, with the Portrait Fund increasing by 4.6% and the Catalyst Endowment Fund by 4.1%. All the portfolios remained defensive in their posture as markets remained volatile. Duration in the Investment and Contingency portfolio had been reduced and further action was planned to reduce it further. Nick Hanks confirmed that despite the volatility in the markets over the past year, the portfolios had performed very well, whereas 2013-14 had been difficult for most investments with the values of the portfolios static in the year. The Trustees noted that the Gallery had been well served by the three independent members of the Investment Committee and noted thanks for their contribution.

The Chairman thanked Brian Allen and Nick Hanks for the reports.

10. Audit and Compliance Committee

David Ross, Chair of the Audit and Compliance Committee (A&CC) reported that the last meeting had taken place on 30 April 2015.

10(a) Risk Management

At this meeting the Corporate Risk Register had been reviewed and there had been little overall change in the risk profile. The key changes were as follows:

1. Reduction in funding levels from DCMS – this risk had been increased to Red in light of potential cuts to DCMS Grant in Aid in 2016-17 and 2017-18.
2. Not meeting the expectations of funders and supporters – this risk had been reduced to Green given the successful implementation of the Membership Plus scheme.

One new risk had been identified which related to the implementation of the 2020 Plan. Given the early stages of the project, the RAG score had been scored at Amber.

The Committee considered two documents to be submitted to Trustees later in the meeting. They were also pleased to note that progress had been made with the implementation of internal audit recommendations since the last A&CC meeting in February. Moore Stephens had mentioned that they were in the process of merging with another accounting firm, but that this would not have an impact on their service to the Gallery. The Committee were pleased that the Head of Internal Audit's Annual Report noted that the Gallery had an adequate and effective system of governance, risk management and internal control.

David Ross reported that the interim audit conducted by the National Audit Office had gone well. There had been some media attention arising from Sandy Nairne's leaving event, in

particular, the perceived notion that public funds were being misused to fund such an event. The Deputy Director had submitted a full report to the National Audit Office, and confirmed that the event had raised £280,000 for the Gallery in honour of the outgoing Director.

The Committee had also reviewed the Company initial results for 2014-15, which indicated that it should deliver its budgeted profit for the year. The Company risk register was also reviewed with no changes made. The Committee reviewed the Anti-Fraud Policy and the Gifts and Hospitality Policy, both of which had minor updates.

The Chairman thanked David Ross for the report.

10(b) Annual Review of Risk Appetite

The A&CC had reviewed the current criteria for assessing risk appetite for a range of Gallery activities and had reaffirmed that the risk appetite provided a key yardstick for evaluating risks and determining a response to them, and also provided important evidence to support the Gallery's assurances about how it handled risk as stated in the Governance Statement. All areas of Gallery activity were regarded as low to medium risk with the exception of speculative projects which could entail high risk. The Committee approved the document for submission to Trustees.

The Trustees reviewed the Gallery's risk appetite. No revisions had been proposed on this occasion, and the Trustees confirmed that the list of activities, the appetite assigned to each activity and the evaluation criteria remained appropriate.

10(c) Risk Management Annual Report

This was the A&CC's report to the Board of Trustees on the effectiveness of the Gallery's risk management processes in the year, and described the work that management and the Committee had undertaken to manage risk.

The Trustees noted the annual review of the activity of the A&CC and were content that the Committee's work had been effective in reviewing and challenging the work of the executive throughout the year.

11. Estates and Operations

The Trustees noted this report.

12. Communications and Development

The Chairman offered his thanks to the Events Team on behalf of the Trustees for its organisation of the Director's Reception which took place on 12 May 2015.

13. Participation and Learning

Dr Polly Blakesley commented that neither the Youth Forum, nor the Hospital Schools project were visible on the Gallery's website, and that the Gallery should consider making these projects more widely known. This could encompass a small display within the Gallery. It was noted that the *Creative Connections* project had a display in the Lerner Contemporary galleries. As part of *Inspiring People* it was important to make the public and potential funders aware of all of the external work undertaken by the Gallery.

The Chairman noted that the updated Learning Policy would be brought to the Trustees meeting in November 2015.

14. Loans Out

The Trustees noted this report.

15. Any other business

The Deputy Director reported that the annual Trustees’ dinner would take place within the Regency Galleries on 5 November 2015. Trustees were encouraged to bring their partner, and also to invite a couple who could be introduced to the work of the Gallery. Members of the Portrait Circle and a small group of potential donors would also be invited to attend this event.

Appended list of portraits on offer

HENRY STANLEY, 4th EARL OF DERBY, magnate and ambassador, oil on panel by an unknown English artist, c. 1580s.

Purchased at Christie’s South Kensington at £22,000, approved.

FRANCIS AUNGIER PAKENHAM, 7th EARL OF LONGFORD, statesman, businessman and writer, graphite and black ink on paper by Katerina Wilczynski, 1942.

Offered by Michael Kauffman as a gift, accepted.

GRAYSON PERRY, artist, ‘Map of Days’, etching from four plates, 2013.

Offered by Paragon Contemporary Editions Ltd at £20,000, approved.

JOHN EGERTON CHRISTMAN PIPER, artist, silver gelatin print by Walker Evans, 1954.

Offered by Eric Franck Fine Art at £1,000, approved.

JOAN BAKEWELL, broadcaster and writer, ceramic cast by Glenys Barton, 2014.

Offered by Glenys Barton at £6,000, approved.

CATHERINE, DUCHESS OF CAMBRIDGE, wife of Prince William, Duke of Cambridge, black chalk and pencil on paper by Paul Emsley, 2012.

Offered by Paul Emsley as a gift, accepted.

STEPHEN FREARS, film director, oil on canvas by Catherine Goodman, 2013-14.

Offered by Catherine Goodman at £6,000, approved.

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Signed by the Chairman

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Date