

# National Portrait Gallery

## 761<sup>ST</sup> MEETING

Minutes of the Meeting of the Trustees held at the National Portrait Gallery on **Thursday 02 July 2015**

**Present:**

- Sir William Proby (Chairman)
- Dr Brian Allen
- Ms C Allegra Berman
- Dr Rosalind (Polly) Blakesley
- Dr Augustus Casely-Hayford
- Ms Kim Evans
- Lord Janvrin
- Dr Joanna Kennedy
- Dr Andrew Roberts
- Mr Stephan Shakespeare
- Dame Marina Warner

**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 Dr Joanna Kennedy to her first Board meeting.

### **2. Apologies and Declarations of Interest**

Apologies for absence were received from Dame Carol Black, The Rt Hon Chris Grayling MP, Mr Christopher Le Brun and Mr David Ross. Dame Marina Warner declared that Francis Aungier Pakenham, 7<sup>th</sup> Earl of Longford, whose portrait by Katerina Wilczynski had been approved for acquisition at the 760<sup>th</sup> meeting of the Board of Trustees, was her godfather.

### **3. Minutes of the previous meeting**

The minutes of the meeting held on 14 May 2015 were approved as an accurate record and were signed by the Chairman.

### **4. Matters arising**

The Chair noted that there were no other matters arising.

### **5. Director's Report**

The Director noted the success of the two recent exhibitions *Sargent: Portraits of Artists and Friends* and *Wellington: Triumphs, Politics and Passions*, both of which had exceeded their target visitor numbers. *Sargent*, which was projected to receive 95,000 visitors had achieved 123,323, and *Wellington* had more than doubled its target, achieving 103,867 visitors, rather than the forecasted 50,000. Both *BP Portrait Award 2015* and *Audrey Hepburn: Portraits of an Icon* had garnered lots of press interest.

The Director also noted the success of the unveiling of the Wellington funeral procession print in the Victorian Galleries on 18 June 2015. This one-hour event had received considerable press attention and attracted 200 visitors to the Gallery, and an event of this nature could be emulated in the future.

The Director highlighted the proposed changes to the 2017 exhibitions programme. These exhibition proposals would be brought to the Exhibitions Committee at its forthcoming meeting on 14 July 2015.

The Director stated that his 'First Impressions' of the Gallery, as summarised in the report, were broadbrush but overwhelmingly positive. The primary recommendation at this stage would be to rationalise meetings to increase efficiency and productivity. The Director invited feedback from the Board on the questions listed in the report.

The Chairman thanked the Director for his report.

## **6. Offers for Consideration**

The Chief Curator presented a summary of the Acquisitions Policy. This had been requested by the Trustees at the previous meeting to aid the decision making process. The Trustees commented that it was a useful document which should be tabled at each meeting. The Trustees requested that Rule 3 be included in this document and that Social and Cultural Diversity be renamed 'Diversity', and to see statistics on diversity for all living sitters in the Collection.

The Chief Curator and Curators presented the works on offer, which consisted of an oil on panel painting of Henry Stanley, 4<sup>th</sup> Earl of Derby by an unknown English artist, a pencil on paper drawing of Seamus Heaney by Peter Edwards, photographs of fourteen actors, writers and musicians including Sir Daniel Day-Lewis, Ian McEwan, Tilda Swinton and Kazuo Ishiguro by The Douglas Brothers (Andrew and Stuart Douglas), two archival chromogenic colour prints, of the Prince of Wales and Thom Yorke, by Nadav Kander, and a red chalk drawing of Elisabeth Margaret Welch by Gerald Leslie Brockhurst. The Trustees gave their authority to the Director to move forward with the acquisitions and to update the Board at the next meeting.

Brian Allen declared a conflict of interest in relation to the painting of Henry Stanley, 4<sup>th</sup> Earl of Derby, as a colleague of John Morton Morris who had gifted the portrait.

The Chief Curator provided an update on the acquisition of the Oscar Rejlander album. The Gallery had secured £70,000 of the total cost of £82,600 for the album, including a grant of £30,000 from the Art Fund. The Gallery hoped to secure a donation of £6,300, which could be doubled through match-funding, to reach the total amount. The Export Licence would expire at the end of July.

- THE TRUSTEES approved the acquisition of the portraits on the appended list.
- THE CHIEF CURATOR would circulate statistics on diversity for all living sitters in the Collection

## **7. Update on Current Commissions**

Sarah Howgate, Contemporary Curator, presented an update on current commissions.

## **8. Inspiring People update**

The Deputy Director reported that the Gallery had reached a crucial time in the project planning. The Project Working Groups had conducted a series of meetings with colleagues across departments and the outcomes of this would be fed into the business plan by the Senior Trusts and Foundations Manager, and circulated amongst Trustees within the month.

The Deputy Director reported that following the feedback which had been received from Westminster City Council which stated that it would not support a new entrance on Charing Cross Road, but that the infilling of a second light well could be negotiable, Haworth Tompkins had been commissioned to explore alternative possibilities. Westminster City Council had informed the Gallery that there used to be an entrance near to the ramp and this was one of the options which Haworth Tompkins would explore.

The Deputy Director, Director of Estates and Operations and representatives from Haworth Tompkins had met with a representative from Westminster City Council to discuss the possibility of a second lightwell. The representative from Westminster City Council was sympathetic to some of the design ideas and also that there could be an option to re-do the Portrait Café lightwell.

The Director reported that Nick Penny, Director, and Hannah Rothschild, Chair of the Board of Trustees at the National Gallery were supportive of the Gallery's intention to purchase the freehold for the East Wing. The Director would discuss this further with the incoming Director, Gabriele Finaldi when he commenced his new post in September. The Deputy Director suggested that the Gallery might need to prepare two proposals for its funding application to the Heritage Lottery Fund in November – one which included the East Wing, and one without if the issue of the freehold purchase was not much further forward. A letter of intent could also be included in this bid.

The Deputy Director reported that the research consultancy firm Morris Hargreaves McIntyre had presented the results of its market research report to a group of Gallery staff on 1 June 2015. This research stated that 90% of the UK cultural market was aware of, and that 27% had visited, the Gallery. The most common negatives about the Gallery were that it was 'confusing' and 'disorientating', and that the entrance was 'chaotic', 'cramped' and 'overshadowed'. Visitors to the Gallery most commonly reported being surprised about its size, its atmosphere, and the variety of and the contemporary nature of the Collection. The most common recommendation from both existing and new visitors to the Gallery was to improve the clarity and visibility of signage. Visitors also suggested that the Collection does not represent modern Britain, is too static, and that the Gallery is not family friendly. This research confirmed that the Gallery's assumptions were correct and it should be used to encourage further realisations of how the Gallery is perceived.

## **9. Finance and Planning**

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

### **9(a) Final Management Report for the twelve months to 31 March 2015**

Brian Allen, Finance Trustee, reported that there was a year-end net operating surplus of £2,312k before transfers and carry forward amounts. Income was ahead of budget by £2,971k, and expenditure was behind budget by £1,714k, resulting in a favourable variance of £4,685k.

Core income was ahead of budget by £2,340k, mainly due to the anonymous donation made in November 2014, and the unrealised gain on investment funds posted at the end of March. There was a deficit in Corporate Development due to less than expected sponsorship for *Anarchy & Beauty: William Morris and his Legacy* and *Wellington: Triumphs, Politics and Passions*. Patrons & Associates Membership showed a negative variance of £68k due to the phasing out of the Associates Scheme. Exhibitions admissions income was £177k 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 £1,714k due to significant underspends in Trading, Acquisitions and Learning. The overall position of core budget expenditure was favourable to the end of March by £1m, which would provide the Gallery with additional reserves for future years.

The Gallery had received 2,081,663 visitors during 2014-15 which was a record number, beating the previous record set in 2012-13.

Total income for the Company was in line with the budgeted figure of £3,421k for the period to 31 March 2015. Retail sales fell below the targeted budget by £52k, mainly due to the lower than expected sales of the *Bailey's Stardust* catalogue and merchandise. However the success of *Anarchy & Beauty* and *Sargent* had a positive impact on Exhibition Shop sales. Overall, the retail sales figures showed a 15% increase compared to sales for March 2014. The Company's net profit to date of £1,045k was ahead of the budgeted target by £16k and was the highest profit the Company had earned since it began trading in 2007.

The Deputy Director stated that Corporate Development had reached its budgeted target with additional corporate support for other Gallery projects.

The Chairman thanked Brian Allen for the report.

#### **9(b) 2015/15 Audited Accounts and Annual Report**

Nick Hanks summarised the format of the draft Annual Report and Accounts and highlighted particular sections of interest.

He reported that the 'Sustainability Report' on page 18 was a new item in the annual report narrative which outlined the Gallery's impact on the environment in terms of greenhouse gas emissions and the use of finite resources. The inclusion of a sustainability report was mandatory for all public sector organisations with over 250 full time equivalent staff. He noted that the Gallery was still developing its reporting regime and would need to put in place targets to ensure its commitments to sustainability were in line with those of other national institutions.

The list of the Board of Trustees and Professional Advisers on page 29 had been updated to reflect the fact that Mary McCartney and The Rt Hon Nick Clegg MP had finished their terms, and that Dr Joanna Kennedy and The Rt Hon Chris Grayling MP had joined the Board.

Nick Hanks reported that the Management Agreement which the Gallery signed with DCMS in July 2014 contained new Key Performance Indicators. These were listed on page 31. Some of these, for example those concerning visitors under the age of 18 did not have prior year comparisons as the Gallery had not collated this data in previous years.

Incoming resources were £10 million (53%) higher than in the previous year, primarily as the result of the highly successful fundraising campaigns for the Van Dyck acquisition and the Catalyst Endowment Fund, together with the major anonymous donation and its associated gift aid. Total resources expended increased by 2.6%, mainly due to increases in staff costs, caused by the 2014/15 pay agreement, which was higher than in 2013/14 now that the 1% pay remit cap had been removed. There had also been an increase in pension costs, due mainly to the auto enrolment scheme. Grant-in-Aid had shrunk to 24% as a proportion of the Gallery's total income. There were gains on investments of £1.2m and the value of the Gallery's land and building had also been increased by £2m. The Gallery was in a good position with around £1.5m of free reserves to absorb the potential cuts in Grant-in-Aid from Government in 2016/17 and 2017/18. The Chancellor's preliminary budget on 8 July would give an indication of what would follow in the Spending Review announcements in September 2015. DCMS had requested feedback on various levels of potential cuts and how these would impact on the Gallery from 2016/17 to 2020/21. The Trustees stated that the Gallery was in a healthy financial position and that it could use its extensive fundraising experience to minimise the impact of severe cuts.

### **9(c) Portrait Trust**

The Chairman reported that the Portrait Trust would meet on 13 July 2015, when the Trust's accounts would be approved and signed. The Director and Deputy Director would also attend the meeting to update Portrait Trust Trustees and to submit a grant application for use of some of the Palley Gift funds held by the Trust in order to progress the Learning Centre designs.

The Chairman also reported on the Portrait Fund meeting which had been held earlier that day. The Chairman reported that the Portrait Fund portfolio had increased in value by 4.6% since the end of December, and by 5.6% since the beginning of the financial year. Since the beginning of the financial year, the Fund had provided £400k towards the acquisition of the Van Dyck self-portrait. The Chairman reported that there had been very good progress made with the Gallery's Catalyst Endowment match funding scheme, initiated by the Heritage Lottery Fund (HLF). The target of £1 million had been reached in February 2015, more than a year in advance of the target date of June 2016, and would secure match funding of £1 million from HLF. The Catalyst funds would then be subsumed into the Portrait Fund, bringing it closer to the £10 million target.

### **9(d) Investment Report**

Allegra Berman reported that the Investment and Contingency Portfolio had increased in value by 3.6% since December, and by 12% over the financial year. The Portrait Fund portfolio had increased in value by 4.6% since the end of December and by 5.6% since March. The Catalyst Fund had increased by 4.1% since its inception in January 2015.

The Gallery's Investment advisors, Partners Capital LLP, had been monitoring the situation in the Eurozone in light of the negotiations between the Greek government and its creditors over a renewed bailout and the recent default in debt payments, resulting in the very real prospect of a possible Greek exit from single currency and the EU. The Gallery's portfolios have negligible exposure to the Euro and the risk of contagion spreading to other weaker Eurozone countries and destabilising the European banking sector and single currency was minimal. Partners Capital would provide an update in due course.

### **9(e) Operating Agreement (between the Gallery and the Company)**

Nick Hanks presented the revised Operating Agreement to replace the current Transfer and Operating Agreement which was prepared and signed in 2007, shortly after the Company was incorporated. The document laid out the arrangements by which the Gallery and the Company would undertake business with each other and the responsibilities each had to the other, as well as the licences and trademarks of the Gallery that the Company was authorised to use. The Trustees were invited to review this document and provide feedback.

Nick Hanks explained that the circumstances of the Company had changed since the Transfer and Operating Agreement had been drafted. There had also been the recent EU Directive on Public Sector Information (PSI), which had also prompted the need to revise the Agreement, given that certain terms within the Agreement may need to form the basis for similar arrangements with external third parties wishing to re-use the Gallery's intellectual property.

The terms of venue hire usage had also been updated and the Trustees requested statistics detailing what kind of events the galleries were hired for.

- THE HEAD OF EVENTS would circulate event hire statistics

#### **10. Audit and Compliance Committee**

Nick Hanks reported that the last meeting had taken place on 23 June 2015. He provided a brief report covering the business that had been discussed at the meeting.

This included an update on the Portrait Trust. An independent examination of the Portrait Trust's accounts had been completed.

He also noted that at the upcoming Trust meeting the Gallery would be submitting two grant applications: one for £7000 to fund a travelling exhibition of *Audrey Hepburn: Portraits of an Icon* to The Wilson, Cheltenham Art Gallery & Museum; and the other to use some of the Palley Gift to develop the designs for the Learning Centre.

The Committee reviewed the Register of Interest responses received from Trustees and Committee members as part of the 2014-15 year end.

The Committee also reviewed the Corporate Risk Register. The main risks were as follows:

- The reduction in funding levels from DCMS which the Gallery would need to make contingencies for in 2016/17 and 2017/18. This risk score remained at red.
- Staff morale. The Employee Survey results had been circulated to the Committee and would be presented at the next meeting in October. This risk remained at amber.
- *Inspiring People* project due to ongoing negotiations with the National Gallery regarding the sale of the East Wing, and the fact that the project was in its early stages. This risk remained at amber.
- Given the complex and long-term nature of the Van Dyck tour, this risk remained at amber.

The National Audit Office had completed its audit of Gallery's 2014-15 accounts and there was nothing of significance to report. It made three minor recommendations: one related to the tightening of payroll checks over staff leaving and joining the Gallery; the second related to more thorough checking of accruals earlier in the accounts preparation process; and the

third dealt with earlier checking of the mapping of new account codes when mapped from the trial balance onto the financial statements.

The Committee received a report on the Company which noted that the Company had earned its highest ever profit since trading began in 2007. The Company's 2014-15 accounts were also reviewed by the Committee and the Company's external auditors, PKF Littlejohn LLP, presented their audit completion report on the Company's accounts. The auditors confirmed that there were no significant findings arising during the audit.

The Committee reviewed the Intellectual Property Rights Policy which had been updated to reflect the EU Directive on Public Sector Information.

The Committee also reviewed and approved the Audit & Compliance Committee Annual Report, which would be presented to Trustees under item 10(b).

#### **10(a) Risk Management**

The Risk Register would be circulated following the meeting.

The Trustees questioned what measures the Gallery had in place to respond to a potential security threat. The Deputy Director confirmed that there were rigorous security measures in place to minimise the risk posed by potential protest activity generated by BP's sponsorship of the annual *Portrait Award* exhibition. The Gallery was also a member of the Heart of London Business Alliance, a local group of businesses and organisations with a commitment to providing leadership and direction for businesses and property owners. The Head of Security attended regular meetings with the National Security Advisor. It was agreed that the Gallery's Disaster Plan would be reviewed in the autumn.

#### **10(b) Audit & Compliance Committee Annual Report**

Trustees reviewed the Audit & Compliance Committee Annual Report, which detailed the work that the Committee had undertaken in the year, and its assessment of the effectiveness of that work.

The Chairman thanked Nick Hanks for the reports.

#### **11. Information Security Policy**

The Trustees agreed to review this policy at the next meeting.

#### **12. Annual Exhibitions update**

Sarah Tinsley, Director of Exhibitions and Collections, and Rosie Wilson, Head of Exhibitions, presented the Annual Exhibitions update. The update was provided in a different format to previous years as, at the Exhibitions Committee meeting on 14 July, colleagues would discuss ideas for the next five year period, exploring different themes and feedback to Trustees once this had taken place. The Chairman agreed that this was the best approach.

Rosie Wilson reported that it had been a successful year that was also indicative of the challenges the Gallery is facing given its increasing ambitions going forward. Visitors have increasing expectations and the Gallery also experienced budget pressures affecting a range of areas including rights clearance and loans transport. International collaborations brought huge benefits to the Gallery and allowed the Collection to be widely shared, but these relationships could also prove challenging, particularly in the negotiation of different working cultures and the organisation of loans and insurance.

The Gallery had responded effectively to the changing nature of open competitions by accepting digital entries for the *BP Portrait Award 2015*, and by reducing the minimum size on works for *The Taylor Wessing Photographic Portrait Prize* entries.

Rosie Wilson emphasised that *Vogue 100: A Century of Style* was an ambitious project with over 70 sources lending to the exhibition, and an ambitious partner organisation. The Trustees agreed that the Gallery should capitalise on the projected popularity of this exhibition with a strong retail offer.

Sarah Tinsley reported on the key strategic issues which would affect the planned exhibitions programme.

The International Tours Manager had put forward several exhibition proposals from the Collection and drawn up a list of possible partner institutions.

There was an ongoing review of exhibition ticket pricing taking place involving colleagues from the Communications & Development, Exhibitions & Collections, Finance & Planning and Trading Departments, as well as consultation with other museums and galleries.

Marina Warner questioned whether the Gallery had explored an international tour of *Audrey Hepburn: Portraits of an Icon* and Sarah Tinsley confirmed that a tour had been limited to the UK due to the Gallery's relationship with the Audrey Hepburn Estate.

The Chairman thanked the Director of Exhibitions and Collections and the Head of Exhibitions for their report.

### **13. Freedom of Information update**

The Deputy Director reported that an additional Freedom of Information Request had been submitted to the Gallery requesting all correspondence between the Development Team, and the Director's Office and BP from 12 December 2014 to 12 June 2015. The Head of the Archive & Library was working on this request with a member of the Development Team.

### **14. Estates and Operations**

The Trustees noted this report.

### **15. Communications and Development**

The Deputy Director highlighted that *The Portrait Choir* had recently performed at Shakespeare's Globe Theatre, and would be performing at Latitude Festival for the second time in July 2015. The Mohamed S. Farsi Foundation funding for the choir ended in 2016 but funding had been identified and ring fenced for a further two years. At the end of its first five year term, *The Portrait Choir* would be assessed to establish the benefits it brought to the Gallery.

### **16. Participation and Learning**

The Trustees noted this report.

### **17. Loans Out**

The Trustees noted this report.

### **18. Any other business**

The Trustees noted that since Mary McCartney left the Board in February 2015 there was a vacancy for a Trustee with expertise in visual art. The Chairman emphasised that given the nature of the collection it was important that the Board represented a range of skills.

**Appended list of portraits on offer**

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

Offered by John Morton Morris as a gift, accepted.

**SEAMUS HEANEY**, poet and Nobel Prize winner, pencil on paper by Peter Edwards, 1987.

Offered by Bonhams as a gift, accepted.

**ELISABETH MARGARET WELCH**, singer, red chalk drawing by Gerald Leslie Brockhurst, 1935.

Purchased at Christie's at £6,000, approved.

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Signed by the Chairman

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Date