

National Portrait Gallery

764TH MEETING

Minutes of the Meeting of the Trustees held at the National Portrait Gallery on **Thursday 12 May 2016**

Present:

- Sir William Proby (Chairman)
- Dr Brian Allen
- Ms C Allegra Berman
- Professor Dame Carol Black
- Dr Rosalind (Polly) Blakesley
- Ms Kim Evans
- Dr Joanna Kennedy
- Mr Christopher Le Brun
- Mr David Ross
- Professor Dame Marina Warner

In attendance:

- Dr Nicholas Cullinan, Director
- Mrs Pim Baxter, Deputy Director and Secretary to the Board
- Mrs Helen Hillman, Manager, Director's Office (minutes)

1. Chairman's business

The Chairman updated the Board on Trustee appointments. Interviews for a Trustee with commercial and fundraising experience had taken place recently and recommendations had been made to the Minister, and the Gallery was now awaiting a decision. There it was noted that three vacancies would arise in the autumn of 2016 and it was agreed that it would be critical to ensure that the recruitment for these positions was planned carefully and in good time.

The Chairman congratulated the Director and staff on the success of the *Vogue 100* exhibition, and expressed particular thanks to Polly Blakesley for her work on the *Russia and the Arts* exhibition, which had already achieved its projected visitor target.

2. Apologies and Declarations of Interest

Apologies for absence were received from Dr Augustus Casely-Hayford, The Rt Hon Chris Grayling MP, Lord Janvrin, Dr Andrew Roberts and Mr Stephan Shakespeare. No new declarations of interest were made.

3. Minutes of the previous meeting

Subject to a small amendment, the minutes of the 763rd meeting held on Thursday 17 March 2016 were agreed by the Trustees and signed by the Chairman.

4. Matters arising

There were no other matters arising.

5. Director's Report

The Director was pleased to report that Gallery attendance figures had reached an all time best for both the 2015 calendar year and the 2015-16 financial year, and said this was a tribute to the hard work of colleagues across the Gallery.

The Director reported on the success of the loans partnership with the State Tretyakov Gallery in Moscow, to which the Gallery had lent 49 key works from the Collection in return for the 26 portraits loaned to the Gallery for the *Russia and the Arts* exhibition. A conservation seminar held the previous month involving internal and external colleagues had focussed on the question of whether or not to clean NPG 1, the 'Chandos' portrait of William Shakespeare. More discussions would be had about this when the portrait returned to London in January 2017, and the issue would then be discussed in more detail with Trustees.

He reported that Dr Sarah Ayres had started a two-year fellowship at the Gallery as HM Queen Margrethe II's distinguished post-doctoral fellow on the subject of Danish/British portraiture. He also reported that the Gallery had submitted an application to the National Cataloguing Grants Programme for Archives to catalogue the Lucian Freud archive.

The Director also expressed his congratulations to Polly Blakesley on the success of the *Russia and the Arts* exhibition, and was pleased to report that due to this success the exhibition catalogue was being reprinted.

The Deputy Director updated Trustees on a number of staff changes which had recently taken place within the Communications and Development department.

6. Offers for Consideration

The Chief Curator and Curators presented the works on offer, which consisted of a commissioned portrait of Dame Sally Davies by Daphne Todd, a panel painting of Ralph Simons by an unknown English artist, and a series of photographs of HRH The Duchess of Cambridge, taken by Josh Olins as a collaboration between the Gallery and *Vogue* magazine to coincide with the *Vogue 100* exhibition. The Trustees viewed two photographs of Sylvia Plath (one with Ted Hughes) which had been approved for purchase at the last meeting but which had not at that stage arrived at the Gallery.

Allegra Berman reported that she had attended a recent Curatorial meeting, and encouraged other Trustees to do the same as it had provided her with a useful insight into the first phase of the acquisitions process.

- THE TRUSTEES approved the acquisition of the portraits on the appended list.

7(a) Update on Current Commissions

Sarah Howgate, Contemporary Curator, presented an update on current commissions. The Trustees viewed an image of the commissioned portrait of Sir Stelios Haji-Ioannou by Mary-Jane Ansell, which was due to be worked on further by the artist.

7(b) Update on the Gallery commissions process

Sarah Howgate and Tarnya Cooper proposed to the Trustees a new process for selecting sitters for future commissions and for matching artists and sitters for BP-sponsored commissions. There was a discussion about the updated process, which some Trustees felt unclear about, and it was agreed that Sarah Howgate would follow up with an e-mail to Trustees outlining the new process and inviting them to propose the names of potential new sitters ahead of the July Board meeting. There was also a discussion about the time frame around commissions, as it was felt that some approaches to potential sitters which had not

progressed for several years may be holding up the process for other projects, and it was agreed that the expectations of the Gallery and sitters need to be managed carefully from the outset.

8. Inspiring People update

The Deputy Director reported that, following the decision to make a major application to the Heritage Lottery Fund in December 2016, work on the application continued. In particular the project team was working on reducing the project budget nearer to its original level. The team was also working on an activity plan to dovetail with the HLF bid, and the sustainability of this going forward. The purchase of the freehold of the East Wing from the National Gallery was in progress and potential funders were being discussed. The Trustees agreed that it would be helpful for them to have some clarity about their involvement in the project, particularly with the business plan, and that notification of key milestones would also be useful. It was confirmed that *Inspiring People* would form a key part of the discussions at the Trustees' Review Day in September.

9. Finance and Planning

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

9(a) Management Report for the 12 months to 31 March 2016

Dr Brian Allen, Finance Trustee, reported that although the end of year position had not been finalised, the overall picture looked positive, with an operating surplus of £476,000. Core income was ahead of budget by £973,000, partly due to Individual Giving and Membership being considerably ahead of its target. Exhibitions income was also ahead of target as a result of the success of *Vogue 100*, although some of this income had come from advanced ticket sales for the 2016-17 financial year. The effect of good admissions figures for exhibitions had also had a positive effect on Retail income, which was £471,000 ahead of budget – a significant increase since the last report to Trustees in February 2016. Core expenditure was below budget for the majority of departments with the exception of Exhibitions and Collections and Trading, which had overspent. Project expenditure was also below budget, although it was expected that much of the core under spend would disappear once accruals had been processed. Events income was ahead of budget by £60,000 and restricted income was ahead by £352,000, largely accounted for by donations of £333,000 towards *Inspiring People* received from trusts and foundations.

The Trustees noted that Gallery visitor numbers had increased by 1% over the year to just over 2.1 million, a good result compared with some other national museums, where attendance figures had decreased during the year. Website visits had also increased by 38% compared with March 2015.

The Company had performed particularly well, with income ahead of budget by £483,000, and March had proved to be an exceptional month with the highest monthly sales to date. The shop, in its new location in the mezzanine over the Main Hall, had achieved monthly sales of £185,000 and was ahead of budget for the year by £229,000. Although accruals were still to be taken into account, the revised profits for the Company stood at £931,000.

The Chairman thanked Brian Allen for the report.

9(b) Nick Hanks presented the draft budget for 2016-19. The budget showed surpluses across all three years as a result of project income for *Inspiring People*, but these funds were restricted. The core budget, however, showed a deficit in years one and three, due to much

higher than expected costs in the exhibitions programme, which had reversed the previously expected surplus in 2016-17 and much reduced the surplus in 2017-18, which had been the outturns for those years in the 2015-18 Budget. The Trustees agreed the 2016-17 budget but requested that Senior Management Team continue to try and improve the outturn positions in 2017-18 and 2018-19.

- THE TRUSTEES approved the 2016-17 budget.

9(c) Portrait Trust update

The Portrait Trust had met in March, when the Deputy Director had updated the Trustees on the *Inspiring People* fundraising strategy. The Trustees had been interested to hear about the Gallery's plans, but it had been too early for involvement from the Trust in the fundraising campaign.

9(d) Investment Report

Allegra Berman, Chair of the Investment Committee, reported that the Committee had met the previous week. It had reviewed the performance of the Gallery's investment advisors, Partners Capital, who had been in post for five years. In line with good governance, the Gallery would be retendering for investment management services in the summer. The shortlisted firms, including Partners Capital, would present to the Committee in July.

It had proved to be a difficult year for the investment markets. The Gallery's investment portfolios had struggled due to the volatility in the markets caused by concerns over slower global growth and the collapse of commodity prices with both the Catalyst fund and the Portrait Fund losing value over the period, but still outperforming their benchmarks. The Investment and Contingency Fund had performed slightly better and increased very slightly in value over the period, and likewise had outperformed its benchmark. No asset reallocations had been proposed for the Portrait Fund or the Catalyst fund, but the Committee felt that the balance of cash being held in the Investment and Contingency Fund might be better invested elsewhere. The Committee had made some suggestions and Partners Capital had been asked to review and advise on this.

10. Audit and Compliance Committee

David Ross, Chair of the Audit and Compliance Committee (A&CC), reported that the DCMS now required all Arm's Length Bodies to write to the Department to confirm that there were no concerns over the organisation's Internal Controls about which DCMS should be made aware. Trustees were invited to bring any concerns to David by 27 May, but otherwise he confirmed that he would be filing a nil return.

10(a) Risk Management Update

The A&CC had met at the end of April and had reviewed the Corporate Risk Register. No significant changes had been made. It had also reviewed the draft 2015-16 governance statement. The Head of Internal Audit's annual report had been positive and the National Audit Office's recent interim audit had gone smoothly. The Committee had reviewed the Company's work over the year, and noted that it was trading profitably. David congratulated Nick Hanks and his team on what had been a very straightforward meeting.

10(b) Annual Review of Risk Appetite

- THE TRUSTEES approved the annual review of risk appetite.

10(c) Risk Management Annual Report

- THE TRUSTEES approved the risk management annual report.

11. Publishing Policy

Rob Carr-Archer, Director of Trading, and Nicola Saunders, Head of Publishing, Rights and Images, joined the meeting. Rob presented the updated Publishing Policy, which highlighted the balanced programme in and outside the Gallery, as well as taking the emphasis off digital publishing, which at the time of the last update was thought to be an area for future growth. Rob also highlighted the importance of overseas and co-edition sales to the Gallery. The Trustees endorsed the digitisation of the Gallery's back catalogues, and recognised the importance of capturing expertise by encouraging curators to publish, a point which it was agreed should be captured in the policy.

- THE TRUSTEES approved the updated Publishing Policy.

12. Publications Review

Rob Carr-Archer and Nicola Saunders presented a review of the work of the Publications department in 2015-16. The income generated through retail and publications had reached £1.5 million during the financial year, an extremely positive result. 2015-16 had been a record year for publications gross income, which stood at £1.1 million, placing the Gallery fifth amongst national museums, which the Trustees agreed was an excellent achievement for such a small team. Recent successes had included the catalogues for *Vogue 100* and *Russia and the Arts*, the latter of which had already been reprinted. PR campaigns had boosted the sale of trade books, and it was hoped that the Gallery would be able to increase sales in this area still further. The relocation of the Bookshop from the basement to the Main Hall mezzanine had proved extremely successful, as mentioned under agenda item 9. Thames and Hudson and Distributed Artbook Publishers, the worldwide trade distributors, had helped the Gallery sell in export territories it had not previously reached, and the international nature of the Gallery's exhibitions meant that rights deals had achieved £225,000 of income in 2015-16.

The Trustees thanked Rob and Nicola for the report and congratulated them and their team on their excellent work.

13. The Trustees noted reports on Estates and Operations, Communications and Development, Participation and Learning and outgoing loans.

14. Any other business

There was no other business.

Appended list of portraits on offer

7022 DAME SALLY DAVIES, Chief Medical Officer, oil on canvas on four panels by Daphne Todd, 2016.

Commissioned by the Trustees at £4,000 and funded by BP, accepted.

RALPH SIMONS, mason/architect, oil on panel (later laid onto aluminium and then onto panel), unknown English artist, c.1602.

Offered for purchase from Philip Mould & Co for £60,000, approved.

HRH THE DUCHESS OF CAMBRIDGE, two black and white silver gelatin type LE/Selenium prints and four digital C-type prints by Josh Olins, 2016.
Offered as a gift from the photographer. Black and white prints accepted. Three of the four digital C-type prints accepted.

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Signed by the Chairman

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Date