

TITLE OF REPORT: Trust Funding for Shipley Art Gallery and McEune Bequest

REPORT OF: Darren Collins, Strategic Director, Corporate Resources
Mike Barker, Strategic Director, Corporate Services and Governance

Purpose of the Report

1. The purpose of this report is to seek approval from Cabinet of the proposed actions to be taken by the Council (as Trustee) with trust money held relating to the Shipley Art Gallery. Two funds are held by the Council (as Trustee) and are known as the Shipley Gallery Fund and the McEune Bequest. Tyne & Wear Archives and Museums (TWAM) manage the Shipley Art Gallery on behalf of the Council. The report also proposes the positive uses these funds will be utilised for.

Background

2. The Shipley Gallery Fund is a registered charity with the Charity Commission under registration number 504932. Under a Trust Deed dated 4th February 1914, the Council were appointed to the position of Trustee to hold the legacy funds for the benefit of the Shipley Gallery. The Trust Deed sets out that the income of the funds shall be used for the insurance of the Gallery, the upkeep of the fabric of the Gallery and the repair and upkeep of the paintings.
3. At January 2019 the value of the fund was £14,589. Due to the small scale of the capital by modern standards the income generated from this fund is not economically sufficient to apply exactly as the original donor intended and therefore the funds have been unused for a number of years.
4. The Trust Deed states that only the income of the fund shall be expended on the insurance of the Gallery, the upkeep of the fabric of the Gallery and the repair and upkeep of the paintings. The Charities Act 2011 permits Trustees of the Charity to pass a resolution to expend the capital of a fund provided that the Trustees are satisfied that the purposes of the Charity can be carried out more effectively if the income as well as the capital are expended.
5. The McEune Bequest is not registered with the Charity Commission. It relates to a gift of paintings and money from a highly regarded local artist, Robert McEune following his death. Corporate Services and Governance hold a letter dated 26th November 1987 from the Tyne and Wear Residuary Body (Chief Finance Officer) which states that the McEune fund was a bequest made to the Shipley Gallery for the purchase of watercolours for the Shipley Gallery.
6. The paintings are held in the Shipley Gallery and the money held by the Council as Trustee. At January 2019 the value of the fund was £8,040. The funds have been unused for a number of years. As an acknowledgment to the bequest, an exhibition of the McEune watercolours took place in 2014.

7. Discussions with TWAM have confirmed that there is no current need for the purchase of watercolours. In fact, watercolours have not been purchased for display at the Shipley Gallery since 1988. The purchase of water colours is therefore not something that would add to the current offer of the Shipley Gallery.

Proposal

8. With regards to the Shipley Gallery Fund it is proposed that the capital is utilised in line with the original purpose of the fund and that a one-off payment is made that expends the total. TWAM incur the following costs on an annual basis:
 - Conservation Staffing - £17,819;
 - Contract Cleaning - £6,280;
 - Fire Insurance - £3,210;
 - Cleaning Materials - £740; and
 - Conservation Materials - £650.
9. The conservation staff work on the remedial and preventative conservation of Gateshead collections at the Shipley and in the archives. This includes ensuring that the collections are properly stored.
10. Once the fund is depleted, the original purpose will still be covered by the Council (who will continue to accept responsibility for the administration of the Charity in the future as Trustee). This proposal is therefore consistent with the Council's requirement, as Trustee, to act in the best interests of the fund.
11. It is proposed the McEune Bequest is used to support the acquisition of the outstanding personal collection of studio ceramics and pottery built up by eminent art historian, John Christian. The 531-piece collection is a unique record of the development of British studio pottery in the period.
12. Permanent acquisition of this exceptional collection will add considerably to the already strong holdings of contemporary and studio ceramics at the gallery. Once installed, John Christian's collection will attract new audiences, with a resulting refreshed activity programme enabling the public to see significant works in new and engaging ways.
13. The cost of the acquisition and display over two years is £56,770 with the McEune Bequest used to cover some of these costs.

Recommendations

14. It is recommended that Cabinet (as Trustee):
 - (i) Resolves to approve the capital balance of the Shipley Gallery Fund being paid to TWAM as a one-off payment to be utilised in accordance with the original purpose of the fund.
 - (ii) Resolves to approve the McEune Bequest funds being used to support the acquisition of the John Christian collection which reflects Shipley's significance in the contemporary craft field.

- (iii) With regards to the Shipley Gallery Fund (registered with the Charity Commission), authorises the Strategic Director, Corporate Services & Governance to carry out the required steps with the Commission and, where applicable, record or register the approved actions.
- (iv) Authorises the Strategic Director, Corporate Resources to carry out the required steps to utilise the funds in accordance with the approved actions.

For the following reasons:

- (i) As Trustee, the Council is satisfied that the purposes of the trust to which the fund is subject can be carried out more effectively if the capital can be expended as set out in this report and that such action is in the best interests of the fund.
- (ii) The income from the Shipley Gallery Fund is not a significant funding source.
- (iii) To support costs associated with the insurance of the Gallery, the upkeep of the fabric of the Gallery and the repair and upkeep of the paintings.
- (iv) The proven lack of need for the purchase of watercolours.
- (v) To contribute to the purchase of a collection that will enhance the Gallery and attract new visitors.

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APPENDIX 1

Policy Context

1. The proposal is consistent with the overall vision for Gateshead as set out in Making Gateshead a Place Where Everyone Thrives. The charitable objectives of the trusts are considered to be aligned with the Thrive agenda.
2. The proposal also addresses the five big ambitions of the Creative Gateshead Culture Strategy. The five big ambitions are:
 - A network of creative hubs and community hubs to drive economic growth and strong, cohesive communities;
 - Talent retention and attraction to build the skills and successes of our residents and the cultural sector;
 - A stronger visitor economy in our towns and countryside;
 - High profile international cultural and sports events and conferences; and,
 - Strong partnerships – with businesses and international partnerships, community and voluntary organisations, local authorities and NewcastleGateshead Initiative, north east culture organisations, universities and colleges.

Background

3. The Shipley Art Gallery opened in 1917 with a collection of 504 paintings bequeathed by local solicitor Joseph Shipley. Since then the collection has grown to include nearly 800 paintings and collections of works on paper, decorative art and contemporary craft. The Shipley's art collections were designated as being of national importance in 1998 and include William Irving's painting 'The Blaydon Races'.
4. Shipley over the last 25 years has also become established as a national centre for contemporary craft and has built up one of the best collections outside London, including ceramics, wood, metal, glass, textiles and furniture. The Shipley is also home to 'The Henry Rothschild' collection of studio ceramics. This includes work by all major makers and studios working in ceramics during the 20th century in the UK.
5. The Shipley Gallery Fund is a registered charity with the Charity Commission under registration number 504932. This fund was founded by the Will of Joseph Aynsley Davidson Shipley which contained the legacy of painting and money for the establishment and upkeep of a gallery within Gateshead. Following this legacy the Shipley Art Gallery was established.
6. Under a Trust Deed dated 4th February 1914, the Council were appointed to the position of Trustee to hold the legacy funds for the benefit of the Shipley Gallery. The Trust Deed sets out that the income of the funds shall be used for the insurance of the Gallery, the upkeep of the fabric of the Gallery and the repair and upkeep of the paintings.

7. At January 2019 the value of the fund was £14,589. Due to the small scale of the capital by modern standards the income generated from this fund is not economically sufficient to apply exactly as the original donor intended and therefore the funds have been unused for a number of years.
8. The Trust Deed states that only the income of the fund shall be expended on the insurance of the Gallery, the upkeep of the fabric of the Gallery and the repair and upkeep of the paintings. The Charities Act 2011 permits Trustees of the Charity to pass a resolution to expend the capital of a fund provided that the Trustees are satisfied that the purposes of the Charity can be carried out more effectively if the income as well as the capital are expended.
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10. The paintings are held in the Shipley Gallery and the money held by the Council as Trustee. At January 2019 the value of the fund was £8,040. The funds have been unused for a number of years. As an acknowledgment to the bequest, an exhibition of the McEune watercolours took place in 2014.
11. Discussions with TWAM have confirmed that there is no current need for the purchase of watercolours. In fact, watercolours have not been purchased for display at the Shipley Gallery since 1988. The purchase of water colours is therefore not something that would add to the current offer of the Shipley Gallery.

Consultation

12. The Cabinet Members for Culture, Sport and Leisure and Communities have been consulted on this report.

Alternative Options

13. Cabinet could elect not to proceed with the recommendations and withhold the funding. However, the funding would remain unused and would not benefit the Shipley Art Gallery.

Implications of Recommended Option

14. **Resources:**

a) Financial Implications - The Strategic Director, Corporate Resources confirms that there are no direct financial implications arising from the contents of this report. Future contributions to TWAM will be determined as part of the Council's normal budget setting process.

b) Human Resources Implications – None.

c) Property Implications – Once the legacy funds have been utilised in accordance with the recommendation as set out in the report the Council, as Trustee, will need to make provision for the future repair and maintenance of the building.

15. **Risk Management Implications** - The principal risk is the payment to TWAM will be a one-off and other funding will need to be sought in future years to cover the costs offset by this contribution.
16. **Equality and Diversity Implications** – There are no equality and diversity implications from this recommendation.
17. **Crime and Disorder Implications** – There are no crime and disorder implications from this recommendation.
18. **Health Implications** - There are no health implications from this recommendation.
19. **Sustainability Implications** – There are risks to the current budget position the Shipley Art Gallery if these recommendations are not supported.
20. **Human Rights Implications** – There are no human rights implications arising from this report.
21. **Area and Ward Implications** – All.