

# Art Fund\_

## Annual General Meeting

Held at: 2 Granary Square, King's Cross, London N1C 4BH  
On: Monday 14 May 2018 at 5.00 pm  
Chairman: Lord Smith of Finsbury

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### Item 1 Chairman's introduction Lord Smith of Finsbury

The Chairman introduced himself and welcomed all those present to the AGM.

He commented on Art Fund's growing charitable programme and introduced the four fundamental themes that described the way the organisation supported its beneficiaries: 'Building collections', 'Reaching audiences', 'Shaping futures' and 'Making connections'.

The Chairman commented that Art Fund had continued to listen ever more closely to UK museums and galleries and to understand and respond to their evolving priorities when considering its strategy to 2020 and beyond.

Art Fund's principal function remained helping museums and galleries 'build collections' to acquire works of art for the benefit of the public. In 2017 the programme helped 94 organisations (85% of them outside London) to acquire over 200 objects, works of art or collections. Strategic collecting initiatives were also encouraged, such as the Moving Image Fund, and Art Fund had supported museums in undertaking a number of art commissioning projects.

The Chairman noted that for collections to be relevant to the public they needed to 'reach audiences' – and engage new ones. The second strand of the programme facilitated and enabled the sharing of art as widely as possible, including support for touring exhibitions and sharing between national collections and regional and local institutions.

The funding offered in 2017 to help 'shape futures' had been increased, so that curators and museum professionals could develop their skills and pursue forward-thinking initiatives in challenging times.

This activity was underpinned by support to 'make connections': between museums, between museums and audiences, and between Art Fund and all those who shared the organisation's vision to support the UK's cultural organisations and their communities.

The Chairman reminded attendees that, as an independent charity, Art Fund received no government funding and had been entirely supported by the generosity of the 139,000 members and other donors. Together, in 2017, Art Fund helped more museums and inspired more people to see more art than ever before in its 115-year history.

In its strategy for future development, Art Fund had developed an aim to have increased its grant giving to £10m per year by 2020, in addition to providing a further £2m of help in-kind. The Chairman concluded by saying that Art Fund had made bold steps along the path towards these goals, and looked forward to travelling there with its members.

Item 2                   Trustee matters  
                              Lord Smith of Finsbury

The Chairman moved on to deal with the re-election of five Trustees retiring by rotation and offering themselves for re-election: Ms Caroline Butler; Mr Michael Wilson; Dame Liz Forgan, Mr Alastair Laing and Mr Axel Ruger who, on a show of hands, were all re-elected unanimously. The Chairman also confirmed Ms Monisha Shah's election to the board in 2017.

Item 3                   Director's review  
                              Dr Stephen Deuchar

Dr Stephen Deuchar reported that in 2017 Art Fund had been primarily concerned with responding to what museums want from it, and what they want to do, rather than prioritising what Art Fund believed would be good for the museum world.

Over the last year, Art Fund had heard from directors, curators and staff at museums up and down the country, about their increasing ambitions and the needs of their organisations and audiences, in the face of a difficult funding climate.

He noted the ambition by 2020 to increase grant-giving to £10m each year. This would represent an increase in grant-giving of about £3m, which would mean that between 2017 and 2025 Art Fund would give away grants approaching £65m in total. The difference that this could make to museums and the lives of those working there would be significant.

This ambition would naturally present a challenge to Art Fund in terms of fundraising. Art Fund had relied heavily on funds raised from the membership and, to date, sales of the Art Pass had been strong. In 2011 Art Fund had approximately 75,000 members; in January 2018 it had 139,000, which represented an increase of 85%. Art Fund planned to continue to encourage growth by direct sales of the full price Art Pass, by schemes targeted at companies, through which their employees could buy the National Art Pass at a reduced rate, and by sales of the Student Art Pass.

Prospects for increasing membership were very strong, given the good relationships enjoyed by Art Fund with significant donors and supporters, and it was believed that the development of the charitable programme would attract more diverse support from trusts and foundations, as evidenced by recent support from the Garfield Weston Foundation, Fidelity UK, the Heritage Lottery Fund, the Wolfson Foundation and the Headley Trust.

Dr Deuchar concluded by saying that this was the time to invest even more in museums and then handed over to Rachael Browning, Head of Programmes, to discuss how Art Fund had and would continue to do this.

Item 4                   Programmes review  
                              Ms Rachael Browning and Dr Stephen Deuchar

Ms Rachael Browning commented on the four distinct strands of Art Fund's charitable programme.

'Building Collections' remained at the heart of Art Fund's activity. In 2017 Art Fund gave grants of £5.5m to 94 organisations to bring more than 200 objects and works of art, from fine art to film, treasure to textiles, into public collections. 85% of the activity was outside London.

She highlighted acquisitions which included: the Galloway Hoard, acquired by the National Museum of Scotland, Edinburgh; a seventeenth-century miniature by Isaac Oliver, Edward Herbert, First Baron of Cherbury, which joined the collection at Powis Castle and Garden, Welshpool; Yinka Shonibare's 'Trumpet Boy', of 2010, which was acquired by the Foundling Museum, London; and Marvin Gaye Chetwynd's 'Untitled', 2015 for the Walker Art Gallery, Liverpool.

In 2017 Art Fund gave its support to the creation and acquisition of a number of new works which included: Melanie Manchot, *Dance (All Night, London)*, 2017 for Art Night and subsequently for the Arts Council Collection; and Ragnar Kjartansson, *The Sky in a Room*, 2018 for National Museum Wales in Cardiff. Commissions yet to be realised included: Christine Borland, *I Say Nothing* at Kelvingrove Museum and Art Gallery; Katrina Palmer's; *The Coffin Jump*, at Yorkshire Sculpture Park; Mark Wallinger's *Writ in Water*, at the National Trust site Runnymede; and Chantal Joffe, *A Sunday Afternoon in Whitechapel*, for the platform of the new Crossrail station in Whitechapel.

In addition to grants for acquisitions, Art Fund regularly helped collectors to donate art to museums and galleries. Among these notable acts of private philanthropy in 2017 were: a panel by William Morris gifted to the Stained Glass Museum, Ely; the bequest of 136 objects of glassware to the White House Cone Museum of Glass, Dudley; 177 works on paper to the Cartoon Museum, London; the gift of Abraham Janssens van Nuyssen's *An Allegory of Joy and Melancholy* to the Ashmolean Museum, Oxford; and the Tim Sayer Gift to the Hepworth Wakefield.

The Moving Image Fund helped museums outside of London develop collections of artists' film and video. In 2017 The Hunterian, Glasgow, and Bristol Museum & Art Gallery became the next Moving Image Fund partner museums. Existing Moving Image partners, Towner Art Gallery, Eastbourne, and the Whitworth, Manchester, had acquired three moving-image works, and Art Fund had embarked on a new partnership with Film and Video Umbrella which would provide the four museums with over £40,000 each to commission and collect new work.

The second strand of the programme, 'reaching audiences' focused on sharing collections, as museums had indicated that they would be able to increase the reach and impact of their collections, by sharing works of art through tours and special displays, securing pivotal loans and/or bringing overlooked gems out of the shadows.

Art Fund continued to support the Artist Rooms network and also new initiatives were introduced to help museums across the UK borrow works from national collections and animate their own holdings in new ways.

Touring and display projects included: fig-futures, which enabled work by 16 contemporary artists to be shown at four venues over 16 weeks; support to bring work by the artists who represented Scotland and Wales at the Venice Biennale 2017 to the UK; and a restaging of works by seven artists who participated in the 2017 Diaspora Pavilion in Venice at Wolverhampton.

The Weston Loan Programme also launched in 2017, and was designed to encourage the sharing of works of art from national collections more widely across the UK. The £750K initiative would be delivered in three rounds of funding across 2017-19. The first round supported 13 projects and, for example, had helped: Cannon Hall Museum to borrow works by Jan Steen and Rembrandt from the National Gallery; Peterborough Museum and Art Gallery to borrow the Becket Casket from the V&A; and Rugby Art Gallery and Museum to borrow self-portraits by Lucian Freud, Richard Hamilton and Eduardo Paolozzi from the National Portrait Gallery.

Art Fund offered a major grant to encourage a nationwide celebration of the Royal Academy's 250<sup>th</sup> anniversary, which supported museums and galleries across the UK to stage exhibitions and events, and a series of talks with Royal Academicians. Art Fund also sponsored the exhibition *Tacita Dean: LANDSCAPE* at the Royal Academy, with 50% off for NAP holders.

In 2017 Art Fund supported a number of conservation projects focused on works by Lubaina Himid, *Toussaint L'Ouverture*, Valerio Castello, *Tobias Healing the Blind Tobit*, and Charles Rennie Mackintosh's, Oak Room of 1907, which would be unveiled at the brand-new V&A Museum of Design Dundee

The third part of programme, 'shaping futures' focused on the people that make museums engaging institutions for all to enjoy. Art Fund recognised that, as museums look to reach new audiences, it would be their staff who would bring their collections to life in ever more imaginative and resourceful ways and so had started and would continue to increase the funding it offered to museum professionals.

The New Collecting Awards programme aimed to develop the next generation of talented curators and gave each a pot of funding with which to pursue a new avenue of collecting for their organisation, as well as resources for professional development, including the support of a dedicated mentor. The 2017 cohort of awardees included Mark Doyle, Touchstones Rochdale, who would use the £65,000 to strengthen the gallery's existing holdings of work by women artists. The five other awardees from 2017 were: Megan Barford, Royal Museums Greenwich, awarded £50,000 to build a collection of contemporary cartographic material concerned with forced migration; Bronwen Colquhoun, National Museum Wales, awarded £65,000 to collect work by American and European photographers working in the South Wales valleys between the 1950s and 80s; Martin Goldberg, National Museums Scotland, awarded £40,000 towards a research-driven collecting programme to deepen National Museums Scotland's understanding of its medieval Pictish holdings; Anna Rhodes, Buxton Museum & Art Gallery, awarded £40,000 to acquire 18th-century landscapes of Derbyshire on paper and ceramics; and Louise Stewart, National Portrait Gallery, awarded £40,000 to develop a collection of popular, global and ephemeral portraits with a particular focus on pre-1600 material. The New Collecting Awards committee had recently selected the 2018.

Jonathan Ruffer Curatorial Awards continued to facilitate travel and research, and one such grant enabled Eleanor Nairne to research the close relationship between Andy Warhol and Jean-Michel Basquiat, which featured in the Basquiat exhibition at the Barbican that she curated.

Elsewhere in 2017, Art Fund enabled Kate O'Donoghue and Eleanor Hutchison to complete six months of training at the National Gallery before taking up postings at the Walker Art Gallery and Compton Verney, and trainee curators to undertake placements at Nottingham Castle Museum and Sheffield Graves Gallery after gaining experience in the V&A's photography department.

As well as supporting many other opportunities, workshops, courses and events in 2017, Art Fund offered 65 fully funded places on career development courses at the Whitechapel Gallery; sponsored an Art Fund Curator Fellowship as part of the Clore Leadership Programme; and hosted a programme at BALTIC that explored the role of digital technology in contemporary art, in collaboration with Bloomberg New Contemporaries

Dr Deuchar then outlined the fourth strand, 'making connections', which was more generally related to the ambition to bring people and art together in museums.

Although the Art Pass was the first means of achieving this, and the principal area for generating funds, the promotion of museum visiting had also become a charitable objective in its own right, as the relationship that Art Fund had developed with its museum network was focused on getting more people to see what museums have to offer.

In Jan 2018 the number of National Art Pass holders had risen to 139,000 members, as 21,000 new members had been recruited. In recognition of this broadening appeal, 22 new museums had joined the Art Fund museum network to give discounts and privileges to its members. The number of venues in the network had increased to 730, which supported the aim for truly national coverage for those who had bought a National Art Pass.

Art Fund also launched a new version of the Student Art Pass. Despite the fact that it was time limited offer, 12,000 new student art pass holders joined the 5,000 on the existing sponsored scheme, which now made up 12% of the total membership. The Student Art Pass would launch again in autumn 2018 in line with the new academic year, as Art Fund aimed to increase our engagement with the student audience.

The National Art Pass for companies had also had a good year, and had generated more than £130,000 in revenue. 22 different companies had given their employees special provision of an Art Pass including the Financial Times, Feilden Clegg Bradley Studios, MullenLowe Group, OVO energy and Penguin Random House.

Art Fund had welcomed 185 Art Partners, who gave higher level donations, and developed a programme to bring these individuals closer to the art world by private views, exhibitions or special visits, often to artist studios. 12 artists had also identified themselves as special supporters of the Art Fund, and the Art Partner scheme, as Artist Partners.

Art Fund's crowdfunding platform, Art Happens, continued to go from strength to strength in 2017, with over 1,700 donations made online. To develop the platform, Art Fund had received a special grant from the HLF, to which it added considerable funds from a special appeal to the membership. This funding was invested in the infrastructure needed to enable museums across the country to fundraise for themselves.

Art Tickets was developed by Art Fund to provide a large number of smaller museums across the UK with the ability to sell tickets online via a dedicated platform, and this was supported by a special grant from Fidelity UK.

Art Fund Prize for Museum of the Year continued to act as a means of shining a spotlight on the great achievements of museums across the UK. In 2017 the winner was the Hepworth Wakefield and Art Fund had recently announced the shortlist for the 2018 prize, which included Tate St Ives, Glasgow Women's Library, the Postal Museum, the Ferens Art Gallery and Brooklands Museum. The high-profile prize formed part of Art Fund's wider commitment to advocacy and campaigning on behalf of the sector for greater funding from government sources. Another strand of this activity was the publication of *Why Collect? A report on museum collection today* which Art Fund commissioned along with the Wolfson Foundation to analyse the state of art collecting in the UK. The report particularly focussed on case studies for the acquisitions of works of art that had made a demonstrable difference to the lives of those museums and their audiences.

Dr Deuchar noted the enthusiasm and commitment of its supporters, members, Art Partners, Artist Partners, donors of any kind, the Trusts and Foundations, the Corporate supporters, and also its network of volunteer fundraising committees.

Dr Deuchar handed over to Art Fund's Treasurer, Mr Jeremy Palmer, to discuss the organisation's financial resources and statutory accounts for 2017.

Item 5                      Report and accounts for the year 2017  
                                    Mr Jeremy Palmer

Mr Palmer commented that 2017 had been another positive year in financial terms, and thanked all Art Fund supporters that had so generously endorsed its work in 2017.

In 2017 Art Fund maintained its underlying income, invested in the long-term growth and sustainability of the organisation and increased the financial value of the charitable programme. This was achieved through work delivered under four main headings: Performance (i.e. income generation), Efficiency (i.e. the level of administrative support costs), Impact (i.e. the resources directed towards the charitable programme) and Sustainability (i.e. the strength of the balance sheet and capacity to deliver a sustainable public benefit over the long-term).

With regard to performance, in 2017 Art Fund generated total income of £13.7m.

Alluding to an illustration of total income over the past 5 years, Mr Palmer highlighted that, previous years included funds generated through special fundraising appeals, such as the Wedgwood campaign, whereas no such appeal had been run in 2017, thereby adding an element of volatility to the picture.

Members were asked to note that in 2017 Art Fund was not required to run a special appeal for the first time in a few years, but was instead enormously grateful to legacy donors who contributed a total of £2.9m, an increase from £1.0m in the previous year. Trading, investment and other income continued to represent only a small part of the picture, but tracked in line with the 5-year average.

Adjusting for volatility, the core income (which was defined as membership subscriptions and donated income) was broadly flat. This comprised a contraction in donations and fundraised income from £3.5m in 2016 to £2.9m in 2017 – and an anticipated shift that arose due to the early receipt of £750k from the Garfield Weston Foundation in respect of the regional touring programme.

The most important element to note was the continued growth in the underlying income, as a result of steady growth in membership income. In 2017 Art Fund reached 139,000 members and generated £7.4m in income - a £0.5m increase on 2016.

Efficiency was also very important to Art Fund and cost control meant that it had ensured that the cost of administering the Art Fund always remained proportionate to the scale and sophistication of the activity undertaken.

As anticipated in the budget for the year, support costs were flat in absolute terms at £1.2m compared with 2016. Importantly, they decreased as a proportion of total underlying spend from 8.6% to 7.8%. Mr Palmer confirmed that administrative support costs were paid for independently of donated funds, and were sustained by the income and capital generated by a carefully managed portfolio of investments. This ensured that the maximum proportion of donated funds could be applied to charitable activity.

With regard to impact, the charitable activity had grown in absolute terms over the past 5 years. Art Fund was able to demonstrate steady growth, ahead of inflation, as activity had diversified, in response to feedback from museums and galleries, ensuring the organisation delivered impact where it was needed most.

In terms of sustainability, the total funds in 2016 were at £52.0m and over the last 12 months these had increased to £54.5m. Mr Palmer commented that the Art Fund annual accounts

showed an 'operating deficit' of £2.0m in line with our financial strategy. It was important to note that this deficit is shown before the application of Art Fund's 'total return' investment policy, which allowed the organisation to treat a portion of investment gains as income, which could then be spent on core administrative support costs.

The investment gains were £4.4m during the year, which meant that Art Fund finished the year with total funds of £54.5m.

Mr Palmer reminded members that last year he ended on a cautionary note with regard to the portfolio of investments, and explained that in view of the gathering uncertainty and volatility in financial markets, Art Fund would adopt a more defensive stance in the portfolio. He confirmed that with the support of its investment advisors, the Finance & General Purposes Committee undertook and completed a re-positioning of the asset allocation in the year to a more defensive position, and this had so far served Art Fund well during a period of increased volatility in 2018. The investment objectives remained focussed on the long-term and Art Fund would continue to be cautious.

Mr Palmer laid the accounts before the membership and confirmed that the accounts had been audited by BDO LLP, who provided positive feedback with specific regard to the continued improvement of financial controls. He also confirmed that the accounts had been approved by Trustees at the April Board meeting. The accounts were approved unanimously by show of hands and were therefore adopted.

Item 6                      Questions  
                                    Lord Smith of Finsbury

The Chairman thanked Mr Palmer for his presentation and opened the floor for questions.

A member asked how Art Fund made decisions on where to invest money, with specific reference to the investment portfolio. Mr Palmer explained that Art Fund worked with external advisors, who attended and advised the Finance & General Purposes committee (F&GP) that met quarterly. Mr Palmer confirmed that Art Fund invested in a number of collective funds, rather than individual companies; it invested globally, and diversified by currency. Assets were invested in line with a pre-agreed allocation in terms of the percentage of funds to be allocated to a range of investment classes, e.g. equities, bonds and other assets that were held. The identification of investment opportunities had been a structured process, designed to be diverse and flexible, so that risk could be spread as much as possible and Art Fund could deliver a secured and growing source of funds to the organisation over the long-term.

A member queried the omission in the presentations of anything related to export issues for museums and galleries. The Chairman confirmed that it continued to be a matter of considerable concern to Art Fund. Dr Deuchar noted the unfortunate recent examples of those fundraising cases for works of art that were subject to an export licence deferral that had not been successful, and highlighted that this was primarily because the person who had applied for the licence subsequently reneged on their commitment to let a museum acquire the work when they had raised a matching sum of money. However, he was pleased that Art Fund had had a very constructive dialogue with Government and the DCMS and was heartened by the news that Government would be putting out recommendations for reform for public consultation, which were the very proposals that Art Fund had been advocating for a number of years.

The Chairman commented that this was good example of how the Art Fund could be an advocate for change because of its independence, and that the pressure applied over time

had actually achieved a significant change in the way the government had approached this topic.

A member commented that Art Fund seemed to be unique in terms of offering free or discounted entry to a number of English Heritage properties, National Trust properties and private museums. They questioned why the variety of Art Fund's offering in this area did not come across more strongly in the marketing for the National Art Pass.

Dr Deuchar highlighted that only those National Trust and English Heritage properties that had received a grant from Art Fund were required, under the terms of that grant, to offer free or discounted entry, and as the majority of National Trust and English Heritage properties had not yet applied to the Art Fund for a grant, the benefits to members were restricted to a comparatively small number. It therefore seemed disingenuous to feature the member's benefits offered by National Trust and English Heritage properties prominently in Art Fund's marketing materials.

A member noted that Art Fund spent £2.5 million on salary provision (within £14 million expenditure overall). They queried whether this level of remuneration was normal for the charity sector. Mr Palmer responded by confirming that salaries were very carefully scrutinised and reviewed each year, and the amounts that Art Fund paid had been benchmarked against the industry.

Mr Nick Maynard, Director of Finance & Resources, went on to confirm that 'staff costs', by which Art Fund meant salary costs and on-costs, such as pensions and National Insurance contributions, was £2.5m which represented around 12% of the overall total expenditure which was in line with our long-term average and Art Fund's business plan. All organisations operated were faced with an increasingly complex external business landscape and additional resource was required to adequately manage risk. Mr Maynard noted that staff costs represented a meaningful proportion of Art Fund's overall cost base and it would therefore continue to be scrutinised year on year to ensure that they represented both a reasonable proportion of overall expenditure, and a reasonable proportion of the charitable programme.

The Chairman added that for some charities virtually the entirety of their charitable activity was in employing people, and for others it was simply in giving grants. Art Fund was involved in both: the majority of its charitable activity was in giving grants and in supporting people, like curators and others that work in museums; but some of what it did was to provide direct support to museums and galleries in terms of its own staff time for support and guidance. These services, and the desire to take advantage of new ways to reach customers, needed adequate resourcing.

A member queried the reciprocal benefits for the museums and galleries that were Art Fund partner venues that offered a National Art Pass discount. Dr Deuchar noted that the relationship between Art Fund and the museums in the network was fundamental to the organisation's success, and Art Fund offered two main things to museums. Firstly, it gave them funds via grants for an increasing variety of activity. Secondly, Art Fund was driving visitors to the museums in the network – not just its own members, but also anyone who used the Art Fund's website, mobile app, or the information published widely about what museums were doing. For smaller institutions the promotion of their programmes could often be vital to their own health and prosperity, as Art Fund effectively provided, a free marketing service. Some of the bigger museums would benefit less from these promotional activities, but those were the institutions that applied for funding for major acquisitions and programmes. Art Fund worked with 730 museums, and had developed 730 individual relationships, so that each museum that could experience a tailored support service from Art Fund.

In response, Art Fund Trustee, Philippa Glanville also asked the Chairman and Dr Deuchar to talk more about the lobbying work that Art Fund had done, which was also of benefit to the wider museum community. Dr Deuchar confirmed that Art Fund had lobbied on behalf of museums to help them secure better deals in terms of their funding relationship with government, and had also been able to campaign against specific cuts, or very occasionally, if museums were threatened with closure. Therefore, in addition to cash and the promotion of museum visiting, there was also the support Art Fund could offer in terms of advocacy for the sector.

Mr Palmer added that very detailed advice was given to individual museums during the application process. Each application that was considered was therefore a well-structured proposal that looked at why it made sense for that particular institution to have that particular work, and this process was greatly supported by Art Fund staff.

The Chairman added that when applications were considered at Board meetings, Trustees would also often offer advice to the applicants, in terms of how they might use the work and engage the public, how it might be conserved, etc, and this was another facet of the Art Fund's charitable activity.

Item 7                    AOB  
                              Lord Smith of Finsbury

As there were no further questions and no other business the Chairman closed the meeting.