

Minutes of the 23rd Annual General Meeting of
The National Association of Decorative and Fine Arts Societies
(a company limited by guarantee)
Operating as "The Arts Society"

held at 15:00 on 23rd August 2024 at
Friends House, Euston Road, London

Company Registration No. 4307984
Registered Charity No. 1089743
OSCR: SC039240

1. Chair's welcome

The Chair, Liz Woods, welcomed all attendees to the meeting.

2. Apologies for absence

The attendance list and list of apologies is held by The Arts Society.

An apology was noted from Trustee David Taylor.

3. Minutes of the Annual General Meeting held on 24 May 2023

There were no amendments to the minutes.

The Chair asked the meeting to vote on approval of the minutes.

The minutes were approved with one abstention and no votes against.

The Chair thanked those who submitted proxy votes in advance.

4. Update from the Treasurer and presentation of the audited Financial Statements of The Arts Society for the year ended 31 December 2023

The update from the Treasurer (Tony Strachan), and summary of the accounts by Tim Nicholls (Chief Operating Officer) is included in full under Appendix A.

Questions were invited and are listed below:

Question 1:

The events which occurred this year (2024) are of course a post balance sheet event. What impact has this had on the reserves for this year?

Response (TS):

The cost will be recorded in this year's accounts (2024). Costs will come out of the general fund and not reserves. This does question the ability to maintain the commitment to the service recharge. The legal costs incurred to date are in excess of £120k.

Question 2:

Why did you seek external legal advice?

Response (TS):

There is no in house legal service and no lawyer on the Trustee Board. Some of the queries being raised were by members, who are retired lawyers, and therefore advice received had to be impartial and external.

5. To receive and adopt the report of the Trustees and Audited Financial Statements of The Arts Society for the year ended 31 December 2023

The Chair asked the meeting to vote to adopt the Financial Statement for the year ended 31 December 2023.

The meeting voted in favour to adopt the accounts with 11 abstentions.

The accounts for the year ended 31 December 2023 were duly adopted.

6. To appoint Moore Kingston Smith as Auditors for the ensuing year

The Chair asked the meeting to vote to appoint the auditors.

The meeting voted in favour of appointing Moore Kingston Smith as auditors for the ensuing year with 4 against and 12 abstentions.

Moore Kingston Smith (Chartered Accountants) were appointed as auditors for the ensuing year.

7. General questions

Any questions received in advance were addressed and questions were also taken from the floor.

The questions and responses are attached under Appendix B.

8. Report of the Chair

The report of the Chair (Liz Woods) is attached in full under Appendix C.

9. Report of the CEO

The summary of the CEO's report is given below.

In his speech CEO Florian Schweizer reflected on the subjects of change and leadership, and how The Arts Society had laid the foundation for further change and growth during 2023. He commended the work of local Societies that bring about change in their communities and who sometimes have to make hard decisions to stay relevant and successful in a changing environment. By way of farewell, he thanked the Trustees he had worked for over the past 10 years, the outgoing Board of Trustees, the volunteers and the management team.

10. Give notice of Trustees for the year

The Chair confirmed those Trustees who had been elected to the Board as:
Sally Kent, Gina Krupski, Jack Leonard, Michael Shirley and Jeremy Thomas

The Chair confirmed the composition of the Trustee Board for 2024-2025 as of today:
Jo Ward, Sally Kent, Gina Krupski, Jack Leonard, Michael Shirley and Jeremy Thomas

11. Farewells and welcomes

The Chair took the opportunity to thank the following:

Chairs of Area Support Teams – outgoing;

- Anne Harris – Beds & Herts
- Lis Goodwin - Essex
- Pat Corless – Northwest
- Anne Deuchar - Wessex

The Chair welcomed the incoming Chairs of the Area Support Teams:

- Ian Burgess – Beds & Herts
- Julia Stephen – Essex
- Pamela Elder – Mainland Europe
- Sue Brake – Northwest
- Susie Pearson - Wessex

Thanks was given to the Heads of Volunteering:

- Cherry-Anne Russell – stepping down as Head of Arts Volunteering
- Hilary Olleson – continuing as Head of Heritage Volunteering
- Pauline Stewart – continuing as Head of Trails of Discovery
- Heath Leach – joining as Head of Arts Volunteering

Thanks was given to Loyd Grossman who is stepping down as President of the Society.

Finally, the Chair thanked the outgoing Trustee Board members.

12. Closing Remarks

The Chair thanked those for attending, and their continuing commitment to volunteering for the Arts Society.

The Chair confirmed that Jo Ward (Trustee) is stepping in as the interim Chair.

The Chair advised the meeting that Jeremy Thomas, new Trustee, would like to say a few words.

Jeremy Thomas then spoke to the meeting as one of the new Trustees and his comments are summarised below:

“Before looking to the future I need to address three points arising out of the AGM. First, and without going into a long legal analysis, I would just observe that the Charity Commission guidance can be read in different ways and we new trustees do take a different view from Tony on some important aspects, one of which I will come back to shortly. Second Tony suggested that either services would have to be cut or the service charge would have to rise to cover the legal fees incurred. I can assure the meeting that that will not be the case. We will not be charging the legal fees to Societies through the service charge, nor do we intend to cut services. And third, I would like to answer one question which was put from the floor and addressed to the new trustees. This is not the right time for an inquisition, but on my behalf I can confirm first that I was not involved in impugning any of the trustees or the executive, and second that I advised anyone giving a proxy to me simply to use the form circulated by The Arts Society, as Tim can confirm. We recognise the service freely given by the outgoing Trustees who we remember were all volunteers, and I can say we were surprised and disappointed to hear of the departure of both Florian and Tim. We would like to thank those Trustees, Florian and Tim for all they have contributed to The Arts Society over the years.

One good thing the debate on the proposed reforms has shown is that the members care; an 80% voting turnout was very encouraging, and everyone can take credit for achieving that level of engagement. We now need to look forward and focus on what unites us: a passion for the arts, a commitment to arts education and our artistic heritage, and a belief that we can through our work change people's lives, sometimes in small ways and sometimes in bigger ways, for the better. [Jeremy then asked the other new Trustees to introduce themselves: Michael Shirley, Sally Kent, and Gina Krupski. Jack Leonard had sent apologies.]

Jeremy continued, "I would like also to thank Jo Ward for staying on as a Trustee to provide much needed continuity, and we look forward to working with her.

We do intend to co-opt additional Trustees both to increase our range of skills and to expand the Board from the minimum of six. We will be coming with new ideas and do believe we have a mandate to review the strategy, but we will not be making any hasty decisions. We have a lot to learn; we will consult on new initiatives and we will communicate on a regular basis.

Turning back briefly to the governance issues: we firmly believe the charitable objects can be met through the Society model. So a big emphasis will be on increasing our reach, growing our membership and raising the profile of The Arts Society.

We recognise there are challenges, but have reasons to be optimistic – we have an enthusiastic Board; an excellent team at head office, and we have all of you, representing our 60,000 members."

13. Date of next meeting

The next meeting will be held in 2025 – date and venue to be determined.

The meeting closed at 1652.

Appendix A

Treasurer's Report: AGM 2024

Good afternoon, I last spoke to you at the AGM in Bristol in 2023, some fifteen months ago. At that stage, the Arts Society was still recovering from the pandemic, but was in a strong financial position, despite falls in both the number of Societies and in overall membership. Sadly, although the underlying financial position remains strong, the declines in membership have by no means been reversed and many Societies continue to struggle with recruitment to their committees, making the outlook for some of them uncertain. You have been sent the Financial Report for the financial year ended 31 December 2023 and either I or Tim Nicholls, our Finance Director, will answer any questions you may have on those audited accounts, but before Tim highlights certain features of those accounts, I want to focus on what has happened more recently.

The Finance Audit & Risk Committee uses its first meeting of each new financial year to scrutinise the budget, not just as it is playing out for the current year, but to look ahead to the following year, so as to make recommendations to the Trustees as to the Service Recharge needed for that following year (i.e. 2025). This is so as to allow Societies maximum notice in planning their own budgets and their subscriptions. This year, mindful of the ongoing savings resulting from the use of serviced office accommodation and of other cost reductions in the pipeline, a reduction in the service recharge was announced as being no more than £14.50 for 2025, a reduction from £15.94 for the year 2024. Since then, and quite separately from the planned and budgeted costs of the proposed constitution changes, several unanticipated legal challenges and other costs have been incurred which will mean that the proposed balanced budget is now likely to show a deficit both in 2024 and in 2025. For example, despite holding on-line AGMs in the past, this event today is now, once-again, an in-person event at a significant financial cost to the membership because of a legal challenge from some Societies and this also means that fewer Societies are able to be involved today. Mistrust surrounding the EGM also led us to conclude that an external agency should be responsible for scrutineering that vote and the recent Trustee election process. Additionally legal expenses have been incurred to deal with other challenges and with resolutions put forward from certain quarters. It will be for the new Trustees, following today's meeting, to take a fresh look at the budget and to decide whether the commitment to no more than a £14.50 service recharge for 2025 remains credible in these circumstances, without a serious impact on the range of services available.

Last year I reported that the sale proceeds from 8 Guilford Street had been placed in a designated investment fund, pending decisions about the long-term use of those funds. The success of the move to serviced office accommodation and the savings and flexibility it afforded the Society, enabled a quick decision to be made that reinvestment in property was neither advisable, nor necessary and that some of the proceeds from Guilford Street should provide the basis to fund a forward-looking campaign to meet the Chairty's obligations to expand Arts education and to explore alternative sources of income. This was to be achieved through an initial, ring-fenced investment in Cultur.art. Early results from this initiative have proved very successful but it is too early to judge the full impact of this investment. Such a step forward was fully in line with the new Strategic Plan that was unveiled during 2023, under the strap line of "Making the Arts available to more people". The outgoing Trustees fully appreciated that the Arts Society was a membership organisation with responsibilities to its member Societies, but they also understood that its status as a charity was dependent on delivering benefits to a wider community. Indeed, Charity Commission guidance is very clear on the need for Trustees to be independent, even from those organisations that establish a charity, in representing the best interests of the charity itself. It was this that motivated the proposed constitutional changes that were placed, in good faith and quite democratically and properly before the membership at the recent EGM. Those changes were rejected by the members in a democratic way, as was their right and I respect that decision. But this does not, in my view, solve the underlying tension in the charity's constitution, which is why I cannot remain in office after today. The new Trustees will have to balance these issues in whatever way they see fit.

Let me return to a point I made in Bristol last year. The assets of the Arts Society belong to the Charity and not to the member Societies – Societies are members not shareholders. The reserves that exist are not the result of taking a profit from the service recharge (or affiliation fee as it used to be known). The service

recharge is the budgeted cost of those services such as the magazine, education, the Directory, training etc, divided by the number of members. In other words, it is intended to be cost neutral, although for several years and especially over the pandemic, the service recharge has been subsidised from central resources to a significant extent. If certain services are required of the Centre (and such services were validated in surveys under the Track 1 banner last year) then they must be paid for by the membership and the fewer the number of members, the higher that cost will be per capita. Again, this will doubtless be at the forefront of the new Trustees thinking as they seek to reverse the long-term downward trend in membership or secure other funding streams.

In closing, as a longstanding member of various member Societies for some 30 years I have enjoyed my involvement with the Arts Society and I respect what it has achieved but I have always thought that it was too inwardly focussed. To that end, I wish the new Trustees well as they deal with some of the issues that the former Trustees sought to address. But I urge them to remember that the future is not about replicating the past but about new opportunities and initiatives at a time when the Arts generally are under such threat. In handing over to Tim to outline certain points in the published and audited accounts for 2023, I would like to put on record my sincere appreciation of what he has done to improve the financial arrangements of this Society. I respect him not only as the professional that he is but also as a friend who has done an enormous amount for you all, though his patience and understanding and through his regular drop-in sessions. Thank you, Tim, for all that and much more and I wish you well for the future.

Tony Strachan

Tim Nicholls (Chief Operating Officer):

Thank you Tony and good afternoon, everyone.

The annual review comprehensively sets out what a momentous year 2023 was.

General reserves increased to 6 months in line with the target set in the policy agreed by the Trustees. This was due to a breakeven position on the general fund delivered through close expenditure management combined with a significant improvement in commercial income.

The move from Guilford Street has triggered significant recurrent net savings and the part year effect is reflected here and has allowed a new agility to operations.

Moving to Designated Funds: Grant giving increased significantly in terms of both number and value. The Patricia Fay Memorial Fund continues to rely on the support of local Societies, through the National Gift Aid Scheme, and through the income generated from the loans made to the fund. Despite financial pressures which Societies face, 105 Societies still have over £350K placed with the fund continuing the practice that has now run for over 40 years.

The strategic development fund was set up by the Trustees in the year in order to support the new three-year strategy which was launched in 2023.

So, the year ended with strong reserves and a healthy financial position.

That's all I have to say on the year end accounts so with that I will thank you for all of your support and kindness and invite any questions for myself or the Trustees on the accounts at this stage.

Appendix B: Questions

Questions received in advance:

Q1. Regarding the financial report, there is no reference to governance review?

Response (TN): The cost of the review to the end of 2023 was £9k; the budget allocated for the review was £20k.

Q2. Are there any plans to stop the current annual overspends?

Response (TN): It is important to distinguish between the general fund and the designated funds. Designated funds are set those funds that have been set aside in prior years for specific purposes. The general fund deficit of £236k included a planned element of £126k to support Societies by subsidising the Service Recharge as normality began to return following the pandemic.

However, the balance of £110k related to unplanned expenditure on legal and professional fees and recruitment costs. In addition to this, commercial income through the two trading subsidiaries was slow to pick up following the pandemic.

In 2023 the outturn on the general fund was breakeven (a small deficit) before investment gains. The position on the designated funds represented the utilisation of funds set aside in prior periods for grant making and strategic development activities.

Q3. The Arts Society has spent £1million on the new strategy?

Response: As of today, £194k has been spent.

Questions received from the floor:

Q4. Cultur.art was introduced early this year; what progress has been made in gaining a new audience?

We were told we would get funding, what is the progress?

Response (FS): Progress has been made in reaching new audiences; we are able to measure demographics (via online platforms). The model is still in an early phase of development; we are reviewing platforms and what content works. In terms of fundraising, we have received some funds recently and we are focussing on approaching corporate funds. Cultur.art provides an opportunity to reach different audiences, but the content is available for all; it is not designed just for one audience.

Current demographics show an age range of around 25-45 years; the reach is across the UK and international and there is a 50/50 male/female split.

We have not spent as much on marketing as anticipated; we could have paid to push the content but have focused on organic growth at present.

Q5. The funds of the Society belonging to the Charity rather than Societies; could this be clarified?

Response (TS): The Charity collects money from the service recharge, but also has income from other sources (tours, subsidiary etc). Collectively those funds belong to the Charity, and they must be used for the charitable objects of the Charity. The money is not owned by the local Societies.

The Charity is registered as a company and the Trustees are the guardians of the Charity.

Q6. Where has been the (online) promotion and support for The Arts Society (when numbers are falling) yet there has been the creation of a new arm (Cultur.art)?

People don't know who we are – can we have some online support, directing people to The Arts Society?

Response (Chris Ward – Trustee): I was part of leading on the Cultur.art development. It was developed to encourage a younger audience and to work through digital channels (not to challenge Societies). The Societies model is a face to face, community-based organisation. There are not the funds to pay for national level press and advertising, but we could use digital platforms. A national campaign is futile, for example a quarter page national paper/magazine advert is £64k.

The Arts Society is developing online marketing tools for the local Societies. Awareness at a local level is significant and that is where can recruit from; this is where the strength of Societies lies.

Q7. We would like to hear from each of the incoming Trustees; did you have any part in the communications (which impugned the Trustees) and did you have any knowledge of the modified proxy forms?

Response (LW): Until the end of this meeting, the current Board are still Trustees. The new Trustees come into office at the end of the meeting. They have been voted for by members and are there in accordance with the Articles. Once I cease to be Chair, that is the point the new Trustees take responsibility. Jeremy Thomas [one of elected Trustees] will speak at the end of the meeting.

Q8: What is the Charity Commissions response to the events?

Response (TN): An initial report was submitted, and the Commission was satisfied that the organisation will continue functioning. The subsequent report (the Trustee report) has been submitted but we have not yet received a response.

Q9: What does independent mean when you say Trustees need to be independent?

Response (LW): We are living with the legacy of a constitution which was put together 50 years ago (one of the reasons for change), and one of the difficult things to understand is the purpose of the Charity is arts education, it is not to run Societies. This is difficult to come to terms with. The second iteration of the proposed Articles would have put the Societies as part of the purpose. During the last 50 years, things have changed. The Charity itself is an independent organisation, but the Articles allow for membership.

Q10: Why has there been a 'significant' reduction in the Patricia Fay Memorial Fund from 2022 to 2023?

Response (TN): The fund is not being run down. There were transfers into the development fund (a decision the Trustees made) and there has been significant spend on grants and the development of the community grants.

Appendix C:

Report of the Chair (Liz Woods)

One of the things that probably almost none of you know about me is that I have been in this room many times. And although these days I regard myself as a very bad Quaker, I hope I still retain the Quaker values of plain speaking and honest dealing. So, I say this from my heart.

In the week after the vote on governance reform I found myself thinking a lot about a John Donne poem. You know the one.

‘No man is an island,
Entire of itself,
Every man is a piece of the continent,
A part of the main.’

Just before the pandemic at the end of 2019, membership of The Arts Society was 87,000. It is now 63,363 - a 28% fall in less than four years. Every member that we lose represents a loss of over £15 to the central organisation and therefore £15 less per head to be able to return it to you by way of services. Because of the way The Arts Society is structured you are independent, but crucially you are also inter-dependant. No Society is an island, every Society is a piece of The Arts Society continent. If the numbers decrease in one Society, then that impacts on others - and similarly increases benefit everybody.

In adopting a reforming agenda, the Trustee Board, which I am proud to have been Chair, sought to deal with that exponential fall in membership numbers by planning new ways of delivering arts education - because that is our charitable purpose. We launched Cultur.art - and that is proving to be exactly what we wanted. Young content creators making wonderful new material for new audiences, yet still part of The Arts Society family. It's a young chick still, but already a precious asset. However, part of that our innovative plan was dependant on changing the composition of the Board of Trustees.

We wanted to attract onto the Board people with ideas from outside, with different backgrounds with younger ideas, and with new ways of looking at things. "Come and join us" we wanted to say - "we're going places." "Come and shake us out of our comfort zone - because you are the future and as trustees we need to take a long-term view." It would have been naive to believe that we could have attracted the brightest and the best to the board without giving them the power to try new things.

Clearly, we failed to sell this vision to you and I'm very sad about that. The reforms we proposed were drowned out by the voices that shouted about what you would lose and not about what you would gain. What I did not expect when we put forward the reform agenda was that we were launching the Arts Society's own version of Brexit - and that the fallout would be just as divisive.

A new Board will not be able to wave a magic wand and change the simple facts. If numbers continue to fall as they have for the last ten years, sooner or later either services will be cut and all that will remain will be the Directory, or the service recharge will have to increase to an economic level which probably means in excess of £20 per head - which is what is the true cost of the services you already receive. The outgoing Board's view was that it would be irresponsible (and contrary our Articles) to run the reserves down in order to support part of the organisation which is faltering - mostly for demographic reasons - no one's fault. Certainly not yours. Surely it was better to find a way of supporting Societies by seeking new ideas and doing new things to keep the whole organisation going so the different parts of it can support each other.

Water under the bridge now. I must pay a massive tribute to the Trustee Board who have also been on this difficult journey. Some of them came to the reform agenda with very mixed feelings. We were not a homogeneous group by any means - but that was great - because we were never in danger of becoming an 'echo chamber' where we all agreed with each other all the time. We challenged each other - sometimes we annoyed the hell out of each other. But the whole Board showed extraordinary loyalty and faith in the vision

that we all came to believe was the way forward. I thought you might like to know a bit more about them as they step back.

Alison - my Vice Chair. Former inaugural chair from London. Her senior role in the NHS and as a magistrate meant she was measured, forensic, always ready to see both sides of any argument, never afraid to challenge but always with good intent.

Tony - Former Area treasurer in Scotland. Calm, inspiring, experienced, utterly committed to good governance and the future of the Society - skills he honed when he worked for the Bank of England - we have been so lucky to have his wisdom and expertise.

Jennifer - Another trustee from North of the border and 'the mother of the board'. Massively experienced trustee and holder of many previous roles as a volunteer for the Arts Society. Passionate about grant giving and the difference that we can make to the lives of so many by our central grants scheme.

Caroline - An experienced Area chair from the Southeast. Funny and feisty with an uncanny ability to get to the point, a real egalitarian committed to championing Societies and getting art to new places and to new people.

Roly - Calm, kind, thoughtful former Area chair from the Midlands. Hugely supportive and committed to finding a future for the charity that she loves. Very understanding of the need to run a charity in a business-like way but never forgetting the philanthropic intent that makes a running a charity very different from running a business.

David - Former Chair of Truro Arts Society in the Southwest. The 'reader' of the board - the one who has tried to keep us up to date in thinking in the world of arts administration, with a real understanding of the Arts as a force for good, and how they can improve all our wellbeing. A personal prop for me. I'm really sorry that he's not here today.

Chris - Our co-opted Trustee from London. The 'bad boy' of the Trustee Board. Our breath of fresh air, our connection with the world of work and business and the creative industries. Massively innovative thinker. In the creation of Cultur.art he showed us the way. We couldn't have done it without you Chris.

Jo - Another experienced Area chair and a staunch protector and defender of the European societies. She came late to the reform agenda that was already underway and I am so grateful she has chosen to stay on to bring experience and continuity to the new Board.

I cannot thank everyone them enough for their willingness to step out of their comfort zone, to do what they thought best, and the personal support they have given me.

During the governance consultation I had to write my column for the magazine, and I chose to write it about why I volunteer. I do it because on the whole I get more out than I put in and I think I've put in a lot. I've met some kind, interesting and lovely people amongst the membership and I've worked with the best professional team I've ever known in my working life. They have been visionary, extraordinarily hard working, committed, funny and a true delight. From that point of view, it has been the best job I've ever had. So, on reflection, personally it's been all gain. I've made some friends for life.

I must say a word here about Tim and Florian - or Tim and the Doctor as I think of them (- there's a Dr Who analogy in there somewhere). The dynamic duo of The Arts Society. Always on duty, always full of ideas, the perfect foil for each other, one an inspired genius, the other as grounded as it's possible to be. Professional, hard-working and always, always putting The Arts Society and its charitable objects first. You have no idea how much you have lost.

As for me, I believe it's important to take responsibility for one's actions and I do. Do I regret putting the governance reforms forward? No, I don't.

One of those who spoke against the reforms we proposed used the phrase 'If it ain't broke, don't fix it'. Sadly, I'm afraid from where I've been sitting it is broke - and that's the difference between being the Chair of a local Society and the Chair of the Board of Trustees. As a charity trustee you have to do what you truly

believe is the best thing in the long term for the whole organisation. That is why it was so hard to deal with insinuations that the Board and the executive were acting in bad faith, and we had some mysterious agenda of our own. Open minded opposition I could have dealt with, but suggestions that after the result the Trustees, who have given so much, have no further place directing The Arts Society, was hard to take. And frankly after being personally threatened with a motion to dismiss me if I stayed on until the end of my term, the time has come to go.

Making this a broader issue, I must ask what has happened to the art of civilised debate and mutual respect for another's position? We seem to have become so cynical as people, that no one believes in honest motives anymore - and the whole charity sector, not just The Arts Society, has become the victim of that. Those who opposed the reforms only had to vote against. To try and throw us off track by repeated legal challenges, all of which were refuted, cost the charity a lot of money and a lot of time that could have been spent further explaining the proposed changes.

We are lucky to be a charity whose purpose is timeless. The arts are always going to be necessary, but I truly believe that the arts are not just for people like you and me. If we cling only to what we know and are comfortable with, if we defend that to the exclusion of all else - how can we continue to grow as an organisation and as individuals? Our charitable status depends on providing a 'public benefit' and it is the jewel in the crown of The Arts Society. It's the practical and legal expression of Patricia Fay's mantra 'we learn we do'. It's the glue that keep us together. It's why we volunteer and it's our public face. We are not islands in a stream - in life, or in The Arts Society. As John Donne said, we are part of the whole - and part of a world that is changing at a breathtaking pace. And if we fail to recognise that, we will surely be swept away - and who will throw us a lifeline then?

Finally, to quote another poet:

“To make an end is to make a beginning,” wrote T.S. Eliot in *Little Gidding*.

So, this is a new beginning for me, my former colleagues, the new Board, Tim and Florian and for The Arts Society.

I wish all of you and the charity that I love, the very, very best. Ahead are new adventures, new challenges and new things to learn for all of us. Long may that continue.

Thank you.