

SPODE MUSEUM TRUST

Report of the Trustee for the year ended 31st December 2020

SMT Trustees Limited (CRN 9784876) in its capacity as the trustee of the Spode Museum Trust (“the Trust”) presents the annual report of the Trust for the year ended 31st December 2020 along with the financial accounts for the year.

Structure, Charitable Objects, Mission Statement and Governance

The Trust was established by Royal Worcester Spode Limited under a Trust Deed (“the Trust Deed”) dated 16th November 1987 (as amended on 30th March 1999 and 16th December 2015) in order to protect the Spode ceramic collection, artefacts, and paper archive (“the Collection”) in perpetuity. The Collection comprises some 40,000 ceramic items spanning over 200 years of the Spode factory’s production from the late 18th century until it closed in 2008, some 25,000 hand engraved copper plates from which transfer prints were made for printed ceramic wares, a collection of antique factory tools, vintage photographs and slides, furniture, moulds and ¼ million Spode and Copeland documents including books containing watercolour paintings of some 70,000 ceramic patterns.

The Trust is registered as a charity under registration number 519597. The Trust Deed defines the Charity’s object as being ‘to advance the education of the public by the exhibition of the Existing Collection together with such other items or artefacts of like character as may from time to time be comprised in the Trust Fund and to preserve the same as a collection’.

The Trust’s Mission Statement states:

“To protect the Spode Collection that we hold in trust and to put it back to work now and forever:

- by making it accessible physically and intellectually,
- by inspiring and promoting enjoyment and learning through the collection, and
- by studying and developing the collection to further the understanding of it and its unique significance

The Trust also believes that the significance of the Spode Collection is closely bound up with the town of Stoke – its community and its heritage.”

The Spode Museum was originally housed and subsidised by the Spode Company on its factory site at Stoke. However, when the Company ceased trading in 2008, the museum had to close and vacate its premises on the site. Since then, the entire Collection (apart from the items required for the exhibitions and displays in the heritage centre mentioned later in this report) has remained in safe storage in premises kindly provided rent free by the Stoke-on-Trent City Council.

The sole trustee of the Trust is a company limited by guarantee known as SMT Trustees Limited (CR No.9784876) and whose express purpose upon creation was and is to act as the trustee of the Trust. Constitutionally, therefore, the Trust is an unincorporated charitable trust governed by a sole corporate trustee, namely, SMT Trustees Limited. At the end of the year, the membership of the company decreased when two members who could no longer give sufficient time to their role retired from being involved with the Trust and the present 9 members of the company are:

Richard Gray, Acting Chairman	Museum Consultant (ret.)
Frederick Beverley Booth, Secretary	Solicitor (ret.)
John William Democratis, Treasurer	Accountant/company director (ret.); ceramics expert
Paul William Holdway	Former Spode Employee and reference book writer
Kath Holdway	Project manager (ret.)
Janis Lynne Rodwell	Ceramics expert
Elizabeth Anne McBratney	College Lecturer (ret.)
Cynthia Saddington	College Lecturer (ret.)
Neil Brownsword	Artist and University Professor of Ceramics

The age of the members ranges from 51 to 78 and the average age is 70. The Trust is increasingly aware that it needs to seek additional members, particularly younger members, who can complement the various skills needed for the management of the Trust's Collection and its Heritage Centre and for the furtherance of its charitable purposes and plans. It is, therefore, planning to undertake a recruitment drive in 2021

Objectives

The abiding objective of the Trust remains to place the entire Collection in a safe and appropriate environment which will ensure that it is kept in conditions that will (i) preserve and protect it and (ii) offer full public and academic research access for use by the entire community. To achieve this, it is the primary wish of the Trust with the support of the City of Stoke on Trent Council, who purchased the former Spode factory site in 2009, to organise the return of the Collection to the community by re-establishing it on the original Georgian Spode site. It is believed that, by placing the Collection back on the site where it was created and within the context of a fine backdrop of listed heritage buildings, it will facilitate a long term and sustainable home for the Collection by creating the best framework within which to achieve maximum public interest, usage and multiple revenue generating opportunities.

Management

Before the Covid-19 pandemic struck in March, the members of the corporate trustee met each month in general meeting (with the Centre Manager ('the Manager') in attendance) to transact, manage and control the affairs of the Trust and to ensure that the charitable objects of the Trust were carried out for the benefit of the public. However, because of the impossibility of holding face to face meetings due to the pandemic, on the 6th August 2020 the Members commenced holding meetings on Zoom and this method of holding meetings has continued for the rest of the year.

All members provide their time freely and receive no remuneration or payment of expenses; and all meetings are properly minuted.

The Trust operates from its Heritage Centre ("the Centre") in buildings which originally formed part of the former Spode factory site at Elenora Street, Stoke. The postal address of the Centre is Spode Museum Trust Heritage Centre, Elenora Street, Stoke-on-Trent, ST4 1QQ. The email address for the Centre is contact@spodemuseumtrust.org

The Centre opened on 19th October 2012 as a two-year exhibition telling the social history of the Spode factory, with some of the Collection returned from store and placed on show to the public - funded by a £50,000 award from the Heritage Lottery Fund and with the help of the City of Stoke-on-Trent who, as the new owner of the former factory site, renovated the premises and granted to the Trust an initial two-year rent-free lease in respect of same. The Trust has continued to occupy the

premises ever since then and, thanks to the continuing support of the City Council, significantly expanded its exhibition.

The Centre is run by the Manager who reports to a Sub-Committee of three Trust Members attended by a volunteer who works in the shop. This year because of the Covid-19 pandemic and resultant closures and restrictions, there has been no face-to-face meeting of the sub-committee, but the Manager, when working, has attended Zoom meetings of the Members, and has reported on relevant matters affecting the Centre whilst closed.

The Manager was placed on furlough leave as from 18th March with the Government paying 80% of his salary but the Trust has topped up his salary to 100%. When the Government's Coronavirus Job Retention Scheme was extended to reflect continuing Covid-19 lockdown measures the Manager stayed on the scheme but when the Government introduced 'flexible furlough' the Manager came back to work part-time working for one day per week from the 1st July and which became 2 days per week from August 2020 and then 3 days per week from November and the Trust continued to top up his full salary and pay the employers' national insurance and employers' pension contributions. The Centre remained substantially closed but behind the scenes when restrictions permitted, he and a small body of loyal volunteers worked at the Centre to sell wares online and by other ways from the shop and to maintain some incoming revenue for the Centre.

There have been no serious incidents or other matters that the Trust should have reported to the Charity Commission but did not do so. However, ever mindful of security, in February 2019 CCTV cameras were installed in the Centre to improve security and for the protection of staff and volunteers and the Centre Manager now has an App on his mobile phone so that if an incident occurs when he is not at the Centre e.g., the fire alarm has gone off, he can see what activity, if any, is going on inside the Centre. Also, during the year, both fire and intruder alarms at the Centre were linked up to the City Council's monitoring station who will react if, during the night, one of the alarms is triggered.

The Trust runs a website www.spodemuseumtrust.org which sets out details of its function and its Collection. During 2020, this website received 33,163 hits and 22,581 unique visitors. The Trust also promoted the Centre through an additional website www.spodeworks.org and various social media pages but because of the pandemic no leaflets were produced for circulation although the Centre was still advertised to the public through the Trust's membership of the tourism promotion organisations of VisitStoke and Destination Staffordshire.

Tenure

During 2019, negotiations had been successfully conducted with the City Council as landlord for a renewal lease of two years duration at a peppercorn rent of the Centre when the existing lease expired at the end of March 2020. This lease has yet to be granted by the City Council, but negotiations have already commenced for the grant of a 25-year lease of the Centre which, if successfully concluded, will give the Trust its desired security of a lengthy tenure and a better position to attract grant funding.

Trading – SMT Enterprises Limited

The Trust has made it a central objective to develop sustainable income sources so that it can be independent of subsidies from governmental and other bodies for its day-to-day operating costs. To this end, on the 25th March 2015, it formed a wholly owned limited liability company known as SMT Enterprises Limited (CR No. 9510002) ("SMTE") to act as its trading arm. This has the benefit that

trading risk is kept separate from the Trust and the company's profits can be donated tax-efficiently to the Trust. SMTE's trading operation, mainly in selling vintage Spode ceramics, prints taken from old hand engraved Spode copper plates, donated books, and products made by local artists in craft studios on the Spode site has expanded considerably and is now an important source of the Trust's income. Unfortunately, such trading was interrupted in March 2020 by the start of the Covid-19 pandemic and by the consequent closure of the shop to visitors for most of the year due to the National Lockdowns in March and November, local restrictions in Stoke-on-Trent and key volunteers having to shield. However, for the year ended 31st March 2020, SMTE had had a record trading year with a trading margin of £42,874 up from £34,229 in the previous 12 months. This was due in part to higher visitor numbers from the BCB exhibition in the Autumn of 2019. In view of this, SMTE was able to absorb an apportionment of the Trust's staffing and overhead costs amounting to £23,325 and donate a further £14,720 from its 2019/20 profits to the Trust.

The Covid pandemic and the resultant lockdowns had a serious effect on SMTE's operation from March 2020 until the Autumn of 2021, and its margins in the year ended 31st March 2021 fell from £42,874 to £12,217, a drop of 72%. It performed as well as it did by selling stock over the internet from September 2020. The implications for the Trust of this drop in margin are considered under Financial Matters below.

Summary of Main Activities at the Centre

The New Year had started with the re-opening of the Centre on the 11th January for a sale in the shop; and by the Trust planning a major project to celebrate the 250th anniversary of the founding of the Spode factory in Church Street, Stoke town by Josiah Spode 1 in 1770 by holding a series of exhibitions in its Centre including the old museum premises to showcase the factory's production over such a long period.

The first meeting of the members of the Trust took place on the 16th January; followed by a further meeting on the 27th February which was given over entirely to planning the 250th Anniversary celebration. Little did the members know that a viral pandemic was coming in March, that the celebration would have to be cancelled, that this would be the last face to face meeting of the members for the year and that following meetings throughout the rest of the year would have to be conducted on Zoom; and that following the Prime Minister's first announcement of a 'stay at home' lockdown on the 23rd March, the Centre would remain substantially closed for the rest of the year.

Unfortunately for the Daniel Ceramic Circle, its special exhibition at the Centre had opened in March but almost straightaway had to close due to the National Lockdown.

Despite the various lockdowns and restrictions, the Members with the help of the National Trust External Partnership Team ('the NT Partnership Team') commenced the work of appointing the first consultant to the Trust under the 'Spode Museum Trust: From Clay to Treasure' project funded by the National Lottery Heritage Fund ('NLHF'). Firstly, the Members carried out a skills audit to identify what skills they had and where deficiencies lay; and briefs were drawn up for the 5 consultants required to be appointed under the project. In September, the Trust considered the submissions of 7 firms of consultants for the first appointment being that to the Governance and Operational Consultancy. After due process of scoring the merits of the applicants, on the 18th October Sara Hilton of Sara Hilton Associates was appointed to the role and at the start of November she commenced work on reviewing the Trust's governance structure and management and by interviewing members by phone calls to learn of the issues facing the Trust. In the light of feedback from the members, Sara organised a Zoom meeting workshop on the 18th December which covered,

amongst other things, the topics of good governance, the role of trustees and proposals to take the Trust forward into 2021. She also produced the terms of reference for a Vision and Strategy Working Group to commence work in 2021 and recommended that a Code of Conduct for Members of the Trust be drawn up.

Financial Matters

The financial accounts of the Trust for the year ended 31st December 2020 are set out in the accompanying Appendix, presented on an Income and Expenditure basis

In 2019, the major UK donor to the Trust was its trading arm, SMTE, whose margin in 2020/21 was severely affected by the Covid situation, and after taking overhead costs into account, it broke even with a profit of just £399.

The Trust's cost structure was alleviated, however, by a range of government support actions including Covid support grants totalling £35,000, a business rates holiday and furlough payments in respect of the Trust's sole employee. Combined with other cost savings made by the Trust, the net effect was to offset the anticipated effect of the drop in donations.

As of 31st December 2020, the Trust's balance sheet showed an overall reserve of £47,023. Of that amount, £17,953 was its debtor balance with SMTE, which was more than cleared during 2021. Despite the adverse effects of the Covid-19 pandemic, there is a reasonable expectation that the Trust has sufficient financial resources to carry it forward for the foreseeable future.

Public Benefit

In the activities of the Trust and in the running of the Centre, the Trust has always endeavoured to advance the charitable objects of the Trust but this year it has been particularly difficult because of the closure of the Centre, the furloughing of the Manager and the shielding of Members and volunteers alike. However, as soon as it is possible to reopen the Centre legally, safely, and economically the Trust will do so and once again in carrying out its charitable purposes it will, pursuant to Section 17 of the Charities Act 2011, pay due regard to the Charity Commission's guidance on public benefit when exercising any powers or duties to which the guidance is relevant. The Trust has nonetheless tried during the year to further the charitable objects contained in its Trust Deed by activities which have had to be restricted to the following due the Covid-19 pandemic:

- Generating income when and where possible during the pandemic by selling wares in the shop online to sustain the finances of the Centre
- Claiming the Government's Help to Business of the 100% Business Rates holiday for 2020/21 and a Retail, Hospitality and Leisure grant of £35,000
- Successfully applying for two grants, namely
£3,000 from the Stoke and Stafford Growth Hub Kickstarting Tourism Fund to 50% fund consultants to initiate designs for a new Trust website with capacity for e-commerce integration

and

£20,000 from the Government's Culture Recovery Fund for Heritage distributed by the NLHF to help the Trust recover from the economic impact of the Covid-19 pandemic by funding marketing/audience development and complete website/e-commerce development

- Commencing Zoom meetings between Members to maintain communication between themselves and with the Manager and thus to be able to reopen the Centre to the public as soon as feasible.
- Maintaining dialogue with the City Council re. the future of the Centre in the buildings available on the old Spode factory site and regarding their state of repair; and registering its interest in buildings on the site that the Council wished to dispose of and which the Trust would ideally like to have
- Maintaining dialogue with the NT Partnership Team re. the furtherance of the 'Spode Museum Trust: From Clay to Treasure' project funded by the NLHF
- Making the first appointment of a consultant under the NLHF Resilient Heritage Grant by awarding the Governance and Operational Consultancy to Sara Hilton.

Objectives in 2021

The start of 2021 saw the third national lockdown and so the Centre remains closed and will continue to remain closed until it is legal, safe, and economic to re-open. However, subject to Covid-19 restrictions permitting, online trading will continue to take place in the shop to maintain some revenue and some of the Trust's plans for the year ahead will include the following:

- Appoint the remaining consultants under the NLHF 'From Clay to Treasure' project
- Seek the appointment of new and additional members of the Trust who can bring to it the skills that are needed to take it into the future and, importantly, have the time to devote to the task
- Complete the renewal lease of the Centre from the City Council and continue negotiations with it for the grant of the 25-year lease
- Create a new website for the Trust together with the potential to add on an eShop for increasing online sales from the shop.
- Seek a report on marketing and audience development
- Publish the 70-page Guide for the Blue Room written by the Centre Manager
- Continue negotiations with the City Council for the provision of a second fire escape in the Garret Room so that it can be made fit and safe for the return of the Ceramic Collection from offsite storage; and seek grant aid where possible to support the costs involved
- By agreement with the owner of the adjoining hotel, to gain lift access to the Blue Room
- Review the Constitutional Structure of the Trust's current unincorporated charitable trust; and, through the appointment of the working group, review the Trust's vision and strategy for the future

- Introduce a Code of Conduct for the Members of the Trust
- Prepare the Centre to take part in the British Ceramic Biennial due to open onsite on the 11th September 2021 and create new displays in support
- Improve the internal decorative order of the Centre including pressing the City Council to attend to some of the areas of disrepair in the fabric of the building
- Secure the future of moulds of significant historical interest left on the former Spode site when the factory closed
- Seek Local Restriction Covid Support Grants for closed businesses and generally protect and improve the financial position of the Trust
- Recruit more Volunteers and demonstrators to help run the Centre

Thank You

The Trust wishes to thank the Stoke-on-Trent City Council, the NLHF, the NT Partnership Team, the Friends of the Spode Museum, the American Friends of the Spode Museum, the British Ceramic Biennial, and all those, particularly the Centre Manager Michael Escolme and his small band of volunteers at the Centre, who have given support to the Trust and its Centre during such an extraordinarily difficult year.

Approved by the Trustee and signed on its behalf by its acting chairman:

Richard Gray
Acting Chairman

14th October 2021

Spode Museum Trust

Income and Expenditure account for the Year Ended 31.12.2020 and Balance Sheet as at 31st December 2020

Income and Expenditure Account	2019 £	2020 £	
Income			
Donations - UK	18461	15827	Note 1
Donations - USA	19438	0	
Covid support grants		35000	Note 2
Proceeds from sales of donated items	2435	1233	
Receipts from furlough reimbursements		10921	
Income from Identifications	936	848	
Other	232	0	
	41502	63829	
Expenditure			
<u>Centre Operating Costs</u>			
Staff salary costs	23926	23635	Note 3
Staff Pension costs		1266	Note 3
Payroll administration costs		1141	Note 3
Site services and business rates	4593	1796	Note 4
Marketing	2314	1014	Note 5
Gas/electricity/telecoms/security	9727	7136	
	40560	35988	
<u>Less Recharges to SMTE</u>	-24583	-10000	
Net Centre operating costs	15976	25988	
<u>Other Costs</u>			
Insurance, net of claims	-1227	1066	
Refurbishments	19614	188	
Legal	3657	13	
Other	1061	397	
total costs	39081	27652	
Net Income/(Expenditure)	2422	36177	

Notes

1. UK Donations includes £14,720 net profit from its 2018/9 operation, donated by SMT Enterprises Ltd (SMTE), the Spode Museum Trust's trading arm
2. During the Covid lockdowns of 2020, the Trust received various UK Government Covid support grants
3. In 1999, costs of staff salaries, pension contributions and payroll administration were reported as a single figure; in 2020, they are reported in their separate components.
4. Business rates were reduced in 2020 due the Government's Business rates holiday
5. Reduced recharges of overheads to SMT Enterprises Ltd reflecting the lower costs incurred in 2020

Balance Sheet


	31.12.19	31.12.20	
	£	£	
<u>Employment of Funds</u>			
Cash	12035	72509	
Debtors SMTE 2020 recharges		10000	Note 6
Debtors SMTE 2019/20 profit donation (part))		6720	Note 6
Debtors Proceeds from sales of donated items		1233	Note 6
HLF grant received not yet spent		-42250	Note 7
Creditors	-1189	-1189	Note 8
Net Employment of Funds	10846	47023	
<u>Funds Employed</u>			
Capital Reserve brought forward	-8424	-10846	
Plus Net Income in 2019 and 2020	-2422	-36177	
Net Funds Employed	-10846	-47023	

Notes

6. These are amounts owed by SMTE which were outstanding as at 31.12.2020. All have been paid during 2021.
7. In 2019 the Trust was awarded a grant from HLF for a feasibility study. The first tranche (£46,250) was received in March 2020 and first disbursement from it (£4,000) was made in December 2020. Because the grant is not for any normal operating purpose, is specific to this one study and any unspent monies will have to be reimbursed to HLF, this grant is not treated in the accounts as income in the Income and Expenditure account.
8. Amounts payable as at 31.12.20 to HMRC and NEST in respect of income taxes and employee pension contributions.

J Democratis BA FCMA
Treasurer

I have examined the transactions of the Spode Museum Trust as set out above and am satisfied that they represent a true and fair view of the organisation's affairs during the period ended 31st December 2020.


P Rodwell
Examiner

4/10/21



Section A

Independent Examiner's Report

Report to the trustees/ members of

Charity Name
Spode Museum Trust

On accounts for the year ended

31 December 2020

Charity no (if any)

519597

Set out on pages

1 and 2

(remember to include the page numbers of additional sheets)

I report to the trustees on my examination of the accounts of the above charity ("the Trust") for the year ended 31/12/20.

Responsibilities and basis of report

As the charity's trustees, you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ("the Act").

I report in respect of my examination of the Trust's accounts carried out under section 145 of the 2011 Act and in carrying out my examination, I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement

[The charity's gross income exceeded £250,000 and I am qualified to undertake the examination by being a qualified member of [insert name of applicable listed body]]. ~~Delete [] if not applicable.~~

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination (~~other than that disclosed below~~ *) which gives me cause to believe that in, any material respect:

- the accounting records were not kept in accordance with section 130 of the Charities Act; or
- the accounts did not accord with the accounting records; or
- the accounts did not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

* Please delete the words in the brackets if they do not apply.

Signed:

Date:

4 October 2021

Name:

Peter Rodwell

Relevant professional qualification(s) or body

AIB (Institute and Bankers)

(if any):

Address:

102 Kineton Green Road

Solihull

West Midlands B92 7EE

Section B

Disclosure

Only complete if the examiner needs to highlight material matters of concern (see CC32, Independent examination of charity accounts: directions and guidance for examiners).

Give here brief details of any items that the examiner wishes to disclose.

(This area is currently blank for disclosure details.)

Date: 4 October 2021

Name: Peter Rodwell

Relevant professional qualification(s) or body: AIA (Institute and Bankers)

Signed:

Name: Peter Rodwell

Relevant professional qualification(s) or body: AIA (Institute and Bankers)