



**THE NATURAL HISTORY MUSEUM  
TRUSTEES' AUDIT & RISK COMMITTEE**

**56<sup>th</sup> Meeting on Wednesday 9<sup>th</sup> May 2012**

**Present**

Sir David Omand in the Chair  
Dr Derek Langslow  
Professor Sir Roy Anderson  
Mark Richardson (co-opted member)

**In Attendance**

Dr Michael Dixon (Director)  
Neil Greenwood (Director of Finance & Corporate Services)  
Jan Day (Head of Risk & Assurance/Committee Secretary)  
Lewis Knights (Audit Manager, National Audit Office)  
Nick Buxton (Partner, PKF)

Paul Brereton (Director of Human Resources) was in attendance for item 11.  
Alan Barlow (Head of Health & Safety) was in attendance for item 12.  
Ailsa Barry (Head of Interactive Media) was in attendance for item 14.  
Kevin Rellis (Head of Estates Projects) was in attendance for item 15.

***ACTION***

**1 APOLOGIES FOR ABSENCE**

1.1 Oliver Stocken (Chair of Trustees) and Keith Lloyd (Director, NAO) sent their apologies.

**2 DECLARATIONS OF INTEREST**

2.1 There were no declarations of interest.

## **ACTION**

### **3 MINUTES OF THE MEETING HELD ON (PAPER TAC 12/2012)**

3.1 The minutes were accepted as a true record of the meeting.

### **4. MATTERS ARISING FROM THE MINUTES**

4.1 There were none.

### **5 DIRECTOR'S REPORT (PAPER TAC 13 /2012)**

5.1 The Director presented his paper.

5.2 Minor Fire at Wandsworth - The incident was fully investigated and a report was forwarded to the Corporate Services Executive Group and the Director. The report focused on the incident, investigation of maintenance operations and site access procedures, cooperation and coordination, followed by a series of lessons learned and actions to prevent recurrence. There was no significant damage. A presentation on the management of contractors and subcontractors followed later in the meeting – please see item 15.

MD 5.3 Reputational Risk Update - The Board of Trustees will receive a paper at their meeting on 22<sup>nd</sup> May 2012 which outlines areas of ethical review for the Museum, with particular consideration of how reputational risks can be avoided. BRICUP (British Committee for the Universities of Palestine) continued to pressure the Museum on issues relating to the Israeli-Palestinian conflict and the involvement of Ahava Dead Sea Laboratories in the NanoRetox EU funded project.

5.4 Trustee Appointments - Jeremy Hunt, Secretary of State for DCMS had written to all the chairs of DCMS arm's length bodies (ALBs) indicating there was an intention to take a more active role in Prime Ministerial appointments. This was in order to increase fund raising capacity within the cultural sector. The Museum was about to commence the recruitment of two trustees. One of these was an appointment by the Prime Minister which will test the new appointment process. It was observed that over the years different administrations had set different appointment criteria in a number of sectors.

OS 5.5 The members recommended that the Chair of the Board of Trustees should stress to the Secretary of State that as a scientific institution the Museum needed to appoint trustees with scientific and other relevant expertise.

5.6 DCMS Board Effectiveness Review - The Director had been involved in a board effectiveness review involving all the DCMS ALBs in the cultural sector. The recommendations in the report will focus on the process for making Board appointments in order to simplify the system. One recommendation was that ALBs should have a succession plan which was considered each time an individual appointment was made. This would ensure that appointments were not seen in isolation.

5.7 Strategic Review of Planning & Design Consultancy - The review was nearly complete and will report to the Executive Board in early June 2012. In addition, the Museum will be reviewing the different sources of funding to the NHM including scientific and Health & Safety consultancy. Consultancy was not one of the Museum's charitable objectives and went through the Trading Company. It was noted that the requirement for indemnity insurance might preclude the Museum from undertaking other forms of consultancy. Currently the Director did not consider that the income from consultancy warranted the establishment of a separate consultancy company.

## **ACTION**

- 5.8 Attendance Figures - Attendance at the Museum remained extra-ordinarily high. April 2012 saw the highest ever April attendance at South Kensington at c.540, 000 visits. Temporary exhibition attendance was good overall. Animal Inside Out had more than doubled its forecasted attendance so far, however, Scott's Last Expedition was 30% off its ambitious target.
- 5.9 Development Trust - The Development Trust was incorporated on 15<sup>th</sup> February 2012 and the next meeting of the board was on the 22<sup>nd</sup> of May 2012.
- 5.10 Threats of Further Cuts to Grant in Aid - Post the Budget departments including DCMS were asked to hold 5% of their budgets as contingency with the prospect of cuts of this amount being required if the economy faltered. DCMS were not, however, expecting further cuts in the short term but there was still a risk in 2013/14 and 2014/15. The NHM was in a relatively strong financial position to resist any immediate impacts if there were cuts in 2012/13.
- 6 DIRECTOR OF FINANCE & CORPORATE SERVICES' FINANCIAL REVIEW - APRIL 2011 TO MARCH 2012 PROVISIONAL YEAR END OUTTURN (TAC 14/2012)**
- 6.1 The Director of Finance & Corporate Services presented his paper.
- 6.2 Self Generated \ Trading Income and Grant in Aid -The Museum had a good year and a number of the business units had either hit or exceeded their challenging targets. The expected impact of the economic downturn had not been realised in a number of areas. It was noted that there was correlation between income from retail and special exhibitions, and visitor numbers, however, it was not linear. The recovery of the Conference & Events business since the economic downturn had been difficult to predict. Bookings relating to the Olympics were strong. There was, however, a short term challenge to recruit a new Head of Conference & Events as the current post holder had resigned. This was an important post which contributed towards generating a net surplus of £1.5 m.
- 6.3 Capital Expenditure - As previously reported there had been a significant slippage on gross capital and projects expenditure for the year. The delay reflected ensuring robust business cases, project plans and external funding where required, were in place before allowing expenditure to be committed. In addition it had also exposed resourcing issues, and in particular the internal capacity to deliver a high number of projects.
- 6.4 General Fund - The General Fund was circa £8.0m which was £2m in excess of the General Fund figure of £6m used for the preparation of the balanced budget for 2012/13 and which was presented to trustees in November 2011.
- 6.5 Natural History Museum Development Trust - The NHM will be making a capital grant payment of £3.5m (including £1.262m of historic reserves) to the Natural History Museum Development Trust over the next month. This will reduce the General Fund to £4.5m. This was in accordance with Trustee approval at the February 2012 Board and a Special Meeting of 30<sup>th</sup> March 2012. The transfer will ensure that the expenditure was recognised in this financial year.
- 6.6 Budget Forecasting - Concern was expressed that the variation between the December 2011 forecast for non salary expenditure, trading income and the outturn was too great a margin. It was noted that income targets were set at the start of the year for each business area. In the past Directors adjusted the targets if they were considered too cautious/ambitious. Now, however, the Head of Finance & Corporate Services held a central contingency which he released when necessary.

## **ACTION**

- 6.7 It was observed that slippage on capital expenditure was understandable. However, the Museum must improve its capacity to deliver the capital programme particularly as the Development Trust will soon be commencing fund raising activities for capital projects. The Director of Finance & Corporate Services said the Museum was a complex estate. It was, therefore, preferable to recruit in-house project managers to act as the informed client rather than to buy in consultant project managers.
- 6.8 Exhibition Consultancy/ Planning & Design Consulting (PDC) - PDC was structured to deliver in two areas of business activity: (a) PDC Services (Consulting); and (b) PDC Products (Animatronic Dinosaurs). PDC had effectively made a loss in 2011/12 if the final settlement from the Restless Planet project was not included in their trading profit and loss figures.
- 7 ANNUAL ACCOUNTS 2011/12: DRAFT GOVERNANCE STATEMENT AND SUSTAINABILITY REPORT, UPDATE ON ACCOUNTS ISSUES (TAC 15/2012)**
- 7.1 The Director of Finance & Corporate Services presented his paper.
- 7.2 Draft Governance Statement – The draft Governance Statement replaced the Statement on Internal Control. In contrast with the Statement on Internal Control, however, no template guidance had been issued by HM Treasury. The Director of Finance & Corporate Services had, therefore, prepared the statement in accordance with NHS guidance. The External Auditors observed that the statement needed to be more explicit regarding the Board's performance and its assessment of its own effectiveness. It was also noted that the Audit & Risk Committee Annual Report included some information on the management of corporate risks which could usefully be added to the statement.
- 7.3 Museum Grounds – There was a risk that the Museum's commercial and financial ambitions were not realisable because of local borough planning limitations relating to the Museum grounds. During the year the Museum had finalised the Supplementary Planning Document for the Museum Grounds with the Royal Borough of Kensington & Chelsea. However, the first test of those guidelines, the Museum Lane proposal, failed at the Planning Committee.
- 7.4 Sustainability Report - From 2011/12 the Museum was required to include a discrete section in the Annual Report covering performance on sustainability during the year. HM Treasury had provided detailed guidance and illustrative formats, and laid down minimum requirements in each of the main reporting areas. The Estates Department had compiled the figures for the report. The main area where the information was not available related to business/official travel emissions. There was a requirement to break this down by Air, Rail/Underground/Tram, Bus/Coach, Hire Car/Taxi, and Private Vehicle. As it would be very labour intensive for the Finance Department to obtain the information the intention was to include an explanatory note in the statement explaining that the Museum was working towards full compliance.
- NG 7.5 Members agreed that a system which automatically provided business/official travel emissions data should be set up. It was noted that if all the Museum travel went through a single travel company they would provide travel emissions data.
- MD/NG 7.6 The Chairman congratulated the Estates Department on the completion of the report. He expressed concern, however, that the Sustainability Report was out of proportion to that of the Governance Statement which included in his opinion the more important information on the Museum's corporate risks and risk management processes.
- 7.7 Update on Accounts Issues \ Significant Risks - The Trading Company auditors arrived on 2<sup>nd</sup> May 2012 and were presented with a full set of accounts. The trial balance for production of the statements was due to be finalised on 9<sup>th</sup> May 2012. The bad debt for Restless Planet, the Planning & Design Consultancy contract had now been written off.

## **ACTION**

### **8 HEAD OF RISK & ASSURANCE: ANNUAL REPORT TO THE ACCOUNTING OFFICER AND AUDIT & RISK COMMITTEE (TAC 16/2012)**

- NG/JD
- 8.1 The Head of Risk & Assurance took members through her report.
  - 8.2 Annual Assurance - The Head of Risk & Assurance gave a reasonable assurance that an adequate and effective risk management and internal control framework was in place to ensure the proper conduct of business and the achievement of the Museum's aims and objectives.
  - 8.3 Budget Setting, Monitoring and Control - The review of Budget Setting, Monitoring and Control had been postponed to 2012/13 in agreement with the Director of Finance & Corporate Services. The Chairman observed that this maybe a useful piece of work in the light of the earlier conversation on year-end budget forecasting – please see para 6.6.
  - 8.4 Corporate Risks - Three corporate risk reviews had been spread throughout the year. Two reviews had, however, been delayed at the request of the relevant managers for operational reasons. As a result they were not fully complete within the financial year. It was observed that ideally all the corporate risks should be reviewed in the financial year to which they relate. The Director pointed out that the cycle of departmental audits had been discontinued and the overall plan was now more risk based.
  - 8.5 Audit Report Classification - Of the 20 internal audit reports issued during the year, only one Collections Security was classified as category 2 in June 2011. A lot of work was taking place in this area and managing the components of the risk was complex. A follow up of the report was due to take place in 2012/13.
  - 8.6 Bribery Act 2010 – The Museum's Fraud Policy and Fraud Response Plan had been updated by the Head of Risk & Assurance to take account of the Bribery Act 2010. The revised documents were signed off by the Executive Board on 8<sup>th</sup> May 2012. The Head of Risk & Assurance brought the new policy and the Bribery Act to the attention of managers at the annual Museum Policies Presentations on 20<sup>th</sup> April and 2<sup>nd</sup> May 2012.
  - 8.7 Internal Audit Transformation Programme (IATP) - In February 2012 the IATP team submitted a paper to the Programme Board on the key issues affecting the delivery of IATP objectives. The Programme Board supported the establishment of grouped internal audit services based on a virtual group model. Virtual groups were considered to be more cost-effective than significant restructuring. More detailed proposals will be submitted to the June 2012 Programme Board meeting.
  - 8.8 It was observed that this was another test of the arms length principle. Audit & Risk Committee should be able to decide for themselves on the amount of audit work required to provide an effective assurance. A previous NAO Director had said that the amount of audit resource in the Museum was disproportionate to other museums & galleries. The majority of these organisations had contracted out internal audit and had a modest fixed budget. DCMS had recently asked all DCMS arm's length bodies for information on the size of their audit budgets.

## **ACTION**

- 8.9 Long Term Inherent Risks - The Audit & Risk Committee had not seen a list of the “Long Term Inherently High Risks” since February 2010. Although it had received presentations from a number of the inherent risk owners of e.g. Head of Security and the Fire Manager. It was noted that not all the inherent risks were reviewed by Risk & Assurance e.g. Health & Safety. It was requested that the current list of inherent risks was brought to a future meeting together with the corporate risks and the sources of assurance. The Head of Risk & Assurance explained that as stated in her report she was in the process of developing an Assurance Map which she had brought to the February 2012 meeting. The assurance map covered inherent and corporate risks. Its purpose was to: (a) support her annual assurance; (b) avoid duplication of audit work where possible; and (c) support the preparation of the Governance Statement in the annual accounts.
- MD/JD
- 8.10 Staffing – It was agreed that the Director would reconsider whether the Head of Risk & Assurance should continue to operate with agency auditors as opposed to full-time permanent staff.
- MD/JD
- 9 RISK AND ASSURANCE: PLAN FOR 2012/13 & PLAN IN CONTEXT (TAC 17/2012)**
- 9.1 The Head of Risk & Assurance presented her plan.
- 9.2 Environmental Management – Since drawing up the plan the Head of Risk & Assurance had been asked to discuss the possibility of carrying out an independent review of the work of the Environmental Sustainability Officer as required by ISO 14001.
- JD
- 9.3 Review of Trustees’ Annual Report Key Performance Indicators – The external auditors agreed that a review of performance indicators need only be carried out once every three years.
- 9.4 Review of Key Financial Controls – It was agreed that this should remain an annual audit as: (a) it helped to inform the work of the external auditors; and (b) was valued by the Director of Finance & Corporate Services.
- 10 AUDIT & RISK COMMITTEE ANNUAL REPORT 2011/12 (TAC 18/2012)**
- 10.1 The Chairman introduced the report. The report will be presented to the Board of Trustees on 3<sup>rd</sup> July 2012 and sent to the Department of Culture Media and Sport (DCMS). Members approved the new format of the report
- DO
- 11. ANNUAL SECURITY REPORT AND SECURITY POLICY FRAMEWORK (SPF) REVISION (TAC 19 (a) & (b)/2012)**
- 11.1 The Director of HR presented the papers.
- 11(a) Annual Security Report**
- 11.2 In 2010 the Museum undertook to combine the annual Information Risk Report and the Security Report, which the Trustees received for the first time in May 2010. This was the second annual security report submitted to the Committee.
- 11.3 Using the SPF, the report covered information security and assurance, physical security, counter – terrorism and business continuity, and gave assurances regarding the Museum’s approach to these areas. The report drew attention to the Security Programme Board which had now closed. Outstanding issues had been passed to the Director of Estates under the Security Enhancement Programme.

## **ACTION**

### **11(b) Security Policy Framework Revision (SPF)**

- 11.4 The Audit & Risk Committee were asked to endorse the new format for reporting to the Committee and the Board.
- 11.5 In October 2011 the Cabinet Office published a revised version (Version 7) of the SPF which comprised 20 mandatory measures rather than the original 70. However, a significant majority of the original measures, 68, were contained within the new 20, and the wording of many of those measures had been altered. One of the omitted mandatory measures related to the Information Commissioners' CCTV code of practice. The Museum had completed the DCMS SPF return using Version 7 and was compliant with both Cabinet Office and DCMS reporting. All outstanding SPF requirements from the 'old' SPF were now closed under Version 7 with the exception of two underpinning requirements (SPF 57 and 59) now included in SPF 18. These related to plans and procedures for: (a) dealing with and intercepting unauthorised visitors or intruders; and (b) screening incoming mail/deliveries for suspicious items.
- 11.6 The Chairman observed that the format of the report was geared more to information security and assurance. In his opinion, however, physical security was a more significant risk to the Museum. The Director of HR explained that a lot of work had gone into physical security and outsourcing which was not reflected in his report.

NG/PB

- 11.7 The Chairman and Committee endorsed the new format but requested that there was more orientation towards physical security and counter – terrorism.

PB

- 11.8 Eastern European Thieves – It was noted that Eastern European thieves had been targeting visitors to the Museum. They would watch the customer enter a pin number at a retail till, steal the card and remove cash within a few minutes. The Director of Human Resources was asked to ensure everything possible was being done to protect customers from this form of crime. In particular placing white lines in front of the tills.

### **12. ANNUAL HEALTH & SAFETY REPORT 2011/2012 (TAC 20/2012)**

- 12.1 The Head of Health & Safety presented his report.
- 12.2 The report summarised the Museum's Health & Safety activities for the period April 2011 to March 2012. It also provided a statement of assurance by the Head of Health & Safety that the Museum was compliant with UK health and safety and fire safety requirements.
- 12.3 The British Standards Institute (BSI) Assessments/Audits - BSI had carried out two Occupational Health and Safety Assessment Series (OHSAS) 18001 reviews at South Kensington and one at Tring. All observations or nonconformities had been actioned. In addition, the Museum's Health & Safety unit conducted six internal departmental audits. It was noted that a report on fire safety management went to the Audit & Risk Committee in November 2011.
- 12.4 Major Risks - The report outlined the major risks to Health & Safety in the Museum. These were contractors, radiation and x-ray equipment. The control of contractors remained one of the most serious risks in any organisation. The view of the Health & Safety Executive was that if an organisation can control the hazards and associated risk involved with contractors then all other Health & Safety issues will be under control.
- 12.5 Health & Safety Committees - All the Museum Health & Safety Committees had met three times, Public Engagement, Corporate Services, Science and Museum – wide. The departmental Health & Safety Committees feed into the Museum Health & Safety Committee which includes amongst its membership, two Trades Union Representatives.

## **ACTION**

- 12.6 Health & Safety Key Performance Indicators (KPIs) - Health & Safety KPIs were set in April 2007 with a five year horizon. This completion date had now been reached and the KPIs successfully delivered. It was, therefore proposed to set two new three year corporate Health & Safety KPIs in line with OHSAS18001. These were: (a) the current accident incident rate which had been reduced by 31% over five years was not exceeded; and (b) the number of overdue risk assessments held on the Rivo Safeguard database was reduced from it's current level of 50% to 30% in year one, to 15% in 2013/14 and finally to zero in 2014/15.
- 12.7 The Chairman congratulated the Head of Health & Safety on his report and the excellent performance achieved.

### **13 MAJOR CORPORATE RISKS 2011/2012 & 2012/13**

#### **13(a) Major Corporate Risks 2011/12**

- 13.1 The Director gave his annual update on the major corporate risks for 2011/12.
- 13.2 The Director presented the major corporate risks for 2011/12 which had been rescored independently by each Director and a consensus reached. Three risks remained red: (a) External funding of science is harder to win; (b) commercial businesses are negatively affected by the external economic climate; and (c) inadequate change management and succession planning for senior management changes and staff retirement. These were, therefore, carried forward to 2012/13.
- 13.3 Previous major corporate risks and emerging risks e.g. enhanced security risk associated with the Olympic and Paralympic Games were also scored independently by Directors. Two of the emerging risks were red and, therefore, identified as major corporate risks in 2012/13.
- 13.4 It was noted that a significant number of the long term inherently high risks had been major corporate risks and had been scored by Directors. However, inherent risks were not scored automatically on an annual basis.

#### **13(b) Members Considered the Major Corporate Risks for 2012/13**

- 13.5 All of the major corporate risks for 2012/13 had been scored as red. The wording of the risks had yet to be finalised. These were:-
- 13.6 Good staff members in key positions move on as a consequence of the long-term pay freeze - This had been scored as an emerging risk. The pay freeze and increased superannuation costs meant that staff were worst off in absolute terms.
- 13.7 External funding of science is harder to win and reduces our scientific research activity - This risk had been brought forward from 2011/12. UK Government funding of science through Research Councils was harder to win as there was a flat cash settlement for the core science budget resulting in less money in real terms.
- 13.8 Our commercial businesses are negatively affected by the external economic climate - This risk had been brought forward from 2011/12. The Museum's commercial businesses had done relatively well. Spend per head was down, however, spend per transaction was up.
- 13.9 Inadequate change management and succession planning for senior management changes and staff retirement with the end of compulsory retirement - This risk had been brought forward from 2011/12. The effect had not been as expected because a number of staff had chosen to retire at 60. It was noted that the management of the risk required effective and consistent performance management across all staff.

## **ACTION**

- 13.10 Absence of a development framework (strategic Master plan) for our estates impedes our ability to undertake necessary short-term actions - A Masterplan Strategy Group (MSG) had been established. Its remit was to review and update the Museum's Masterplan Development Framework (MDF), define the programme and oversee its delivery.
- 13.11 Not mobilising the resources necessary to optimise collections and storage spaces and develop a programme of gallery improvements – The Museum must ensure it commits the resources necessary to spend the capital and projects budget. It was observed that this was a challenge when the revenue budget was under pressure.
- 13.12 Not having effective plans to deliver capital projects over the next 3 years - The risk was based on ensuring there were robust business cases and project initiation plans before allowing expenditure to be committed.
- 13.13 Not being able to recruit and retain suitably skilled web, IT and scientific staff – The Banding of the new Head of ICT had been set at a higher level than his predecessor. In addition, the Museum may apply to the Wolfson Foundation which runs a scheme for providing short-term salary enhancements for newly recruited scientists.
- 13.14 Loss of scientific competitiveness, public reputation or commercial opportunity as a result of failing to recognise and respond to the need to develop the Museum's presence in the virtual world - The digital world was important for the future of the Museum. The likelihood of failing to manage the risk was not high, however, the impact would be significant.
- 13.15 Failure of major estates infrastructure requires urgent capital spend to the detriment of planned, priority projects – Infrastructure problems at Tring had not been foreseen during the condition survey of the site.
- 13.16 Olympic and Paralympic Games Security – It was agreed that this risk was contained within the long term inherently high risk relating to security.
- MD/JD 13.17 The Director said he would discuss the 2012/13 audit plan with the Head of Risk & Assurance with a view to shifting the balance of the plan more towards corporate risks. The revised plan would look at both 2011/12 and 2012/ 13 corporate risks. It was observed that a number of the corporate risks would not, however, benefit from an internal audit.
- 13.18 The Committee approved the adoption of the major corporate risks for 2012/13.
- 14 PRESENTATION BY AILSA BARRY (HEAD OF INTERACTIVE MEDIA) ON THE CORPORATE RISK "FAILURE TO INVEST ADEQUATELY IN WEB DEVELOPMENT AND IMPLEMENTATION" (TAC 22/2012)**
- 14.1 The Head of Interactive media made her presentation on the management of the risk.
- 14.2 The Digital Review prioritised areas for improvement and resources had been agreed by the Executive Board.
- 14.3 Digital Asset Management System (DAMS) - The Museum was developing a DAMS to store digital assets from around the Museum. This included still images, moving images, audio, animation, graphics, scanned objects, microscopy and 3D imaging technology. The project was making slow but steady progress and was still on track for roll-out in 2012. There had been two set backs: (a) the Cabinet Office moratorium on ICT projects above £1m; and (b) the version that had been approved required unforeseen code changes. Key benefits were: (a) a reduction in storage costs; and (b) the DAMS user friendly content repository enabled digital publisher partnership deals in which NHM sells content to educational publishers.

## **ACTION**

- 14.4 The contractor and Software Company had a good track record in DAMS. It was noted that NHM DAMS project was complex due to the need to integrate DAMS with other systems e.g. KE EMu, the Web and Picture Library. Testing to date had not highlighted any significant problems for end -users. It had been a collaborative project with as much customisation as possible.
- 14.5 Information Technology Infrastructure Library (ITIL) consultant - The appointment of an ITIL consultant to help complete the ICT Service Portfolio and ensure that it reflected best practice was on hold until the new Head of ICT was in place.
- 14.6 Programme of Recommendations and Resources - A programme of recommendations and resources had been agreed by the Executive Board for 2012/13. This included short term investment for Science development to enable the Museum's research and collections to reach a broader audience. A number of recruitments were also agreed to develop a more professional team. The recruitments included a data architect as recommended by the Digital Review Board to look at the potential for science research and output. The recruitment was, however, unsuccessful and as a result other improvement actions were being considered.
- 14.7 Investment in ICT infrastructure - The Digital Review was Museum wide and did not just cover investment in ICT infrastructure. Infrastructure investment had been delayed as the needs of Science Group were not identified fully until the recent arrival of the new Director of Science. As a result the ICT infrastructure plan was at a sufficiently early stage for the new Head of ICT to be able to bring their own strategic recommendations. A partnership with Imperial College was one consideration.
- 14.8 Website Infrastructure - There was an ongoing process of workshops across the Museum to identify improvements to the website infrastructure developed in 2004 and then upgrade the content and the user experience.
- 14.9 Mobile Phone Platform - An increasing percentage of the NHM audience accessed the NHM website via mobile phones. A mobile-friendly version of the Museum website was launched in December 2011.
- 14.10 The Museum records and reports the number of unique website visits and measures mobile phone users but does not report them. It was noted that making realistic comparisons between the volume of website and mobile phone visits received by other organisations and the NHM was difficult.
- 14.11 External Founders' Forum - NHM was in the process of developing an external founders' forum to provide both expertise and funding for digital innovation.
- 14.12 Interactive Media Content - There was a plan to improve Interactive Media Content over 2012/13.
- 14.13 Ecommerce (Retail / Ticketing) - To improve ecommerce the NHM were awaiting a feasibility study on an online retail shop and would then decide whether the emphasis should be on online retail or online ticketing. It was noted that a franchise model with another online retailer was not an option.
- AB 14.14 The Chairman thanked the Head of Interactive Media for her excellent presentation and asked that the Committee be kept informed of progress and any emerging risks relating to the DAMS project.

## **ACTION**

- 15 PRESENTATION BY KEVIN RELLIS (HEAD OF ESTATES PROJECTS) ON THE CORPORATE RISK “INEFFECTIVE MANAGEMENT OF MAJOR OUTSOURCED CONTRACTORS REDUCES OUR REPUTATION AND RESULTS IN POOR VALUE FOR MONEY” (TAC 23/2012)**
- 15.1 The Head of Estates Projects made his presentation on the management of the risk. The presentation summarised the key measures that had been taken by the Estates Department to ensure the effective management of contractors.
- 15.2 Key Documents -The Head of Estates Projects distributed a number of the key documents given to contractors when they started working on the NHM site: (a) Emergency Procedures; and (b) Contractor Health & Safety Site Rules which was updated on a regular basis, the last update being May 2012. The Head of Estates Projects also distributed the EMCOR Contract Management Plan and Partnering Charter.
- 15.3 Reputation - Poor delivery of key services e.g. maintenance, cleaning, lifts not operating, lack of confidence in security will affect the Museum’s reputation. It can result in visitor complaints and affect the opportunity for sponsorship of key museum projects.
- 15.4 Value for money - The cost/quality relationship was managed by the active monitoring of KPIs and a willingness to listen and respond to customer needs and complaints.
- 15.5 Outsourced Contractors - The Estates department managed two principal major outsourced contractors on behalf of the Museum: (a) EMCOR Facilities Services who were responsible for the planned preventive maintenance of the mechanical and electrical services and the fabric of the buildings; and (b) Wilson James who were responsible for delivery of the shared security provision on behalf of the South Kensington Museum’s Consortium.
- 15.6 In addition, the department was responsible for: (a) the Servest contract that provided for cleaning, grounds maintenance, waste management and portering services; and (b) two energy services contracts.
- 15.7 Staff Resources - The Estates Department were continually reviewing the staff resources to ensure they had sufficient capacity and skills within the team to act as the intelligent client. A new fabric building surveyor was being appointed through EMCOR. This was appropriate as under the current contract EMCOR were responsible for managing the Estate and the NHM Estates Department were responsible for ensuring they were managing it effectively. When the contract was retendered there will be a need to question whether the position should be brought in-house.
- 15.8 Health & Safety - The Estates Department recently had an Internal Audit by the Health & Safety Team. In addition, they had achieved recertification of OHSAS 18001 Occupational Health and Safety management system and ISO 14001 Environmental Monitoring Systems with zero nonconformities. EMCOR had their own site safety rules book and one of their strengths was their Health & Safety performance. In addition, Health & Safety was a key component of the EMCOR procurement process for subcontractors.
- 15.9 The Chairman thanked the Head of Estates Project for his excellent and informative presentation.
- 16 ANY OTHER BUSINESS**
- 9.1 There was no other business.

***ACTION***

**17. DATE OF THE NEXT MEETING**

17.1 The next meeting will be held on Thursday 28<sup>th</sup> June 2012 at 10.00 a.m. in NE507.

**KEY TO ACTION INITIALS**

Oliver Stocken - OS

David Omand - DO

Michael Dixon - MD

Neil Greenwood - NG

Paul Brereton - PB

Ailsa Barry - AB

Jan Day - JD