



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

65th Meeting on 26th June 2014

Present

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

In Attendance

Lord Green of Hurstpierpoint (Chair of Trustees)
Sir Michael Dixon (Director)
Neil Greenwood (Director of Finance & Corporate Services)
Jan Day (Head of Risk & Assurance/Committee Secretary)
Reshma Menon-Jones (Audit Manager, National Audit Office)
Nick Buxton (Partner, BDO)
Martin Burchmore (Partner, Kingston Smith)

Jim Baker (Procurement Manager) was in attendance for item 8.
Rachael Casstles (Head of Internal Affairs) was in attendance for item 10.
Chris Hills (Head of Human Resources) was in attendance for item 11.

ACTION

The Chair, members and those in attendance congratulated the Director on being awarded a Knighthood in the Queen's Birthday Honours List.

1 APOLOGIES FOR ABSENCE

1.1 Keith Lloyd (Director NAO) sent his apologies.

**2 DECLARATIONS OF INTEREST AND REGISTER OF INTERESTS
(PAPER TAC 29/2014)**

2.1 These were noted by the Secretary to the Audit & Risk Committee.

ACTION

3 MINUTES OF THE MEETING HELD ON THURSDAY 8TH MAY 2014 (PAPER TAC 24/2012)

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

4. MATTERS ARISING FROM THE MINUTES

4.1 Revaluation of the Principal Civil Service Pension Scheme (PCSPS) - para 4.2 -A paper on the issues to be considered on future superannuation costs and pension arrangements was in hand.

4.2 Donations - para 5.10 - The Museum had ordered a new set of collections boxes to be trialled for a six month period from September 2014.

4.3 Visitor Engagement Support Team (VEST) - para 6.7 - The voluntary scheme for 'back of house' staff to contribute 90 minute sessions to managing 'front of house' activities during very busy periods was working well.

4.4 Wildlife Photographer of the Year (WPY) - para 6.8 - The Museum was in discussion with a possible commercial sponsor.

4.5 Collections Auditing - para 8.8 - A discussion took place on the complexity of: (a) preventing; and (b) knowing if paper inventories of specimens had been tampered with in order to make it look like a specimen had never been there. It was noted that only a small percentage of the data on paper records had been migrated onto KE-EMu the Museum's electronic collections management system. KE-EMu provided an audit trail of amendments. In addition, there was no independent check against the balance sheet and general ledger as the total number of collection items which had been capitalised amounted to less than 1% of the Museum's total collection. The Head of Risk & Assurance was asked to follow the question up with the Registrar. In addition, the Committee will raise the issue with the Registrar and the Chair of Collections Committee when they attend the Audit & Risk Committee in November 2014 to report on Collections Auditing - please also see para 8.4.

JD

4.6 Audit & Risk Committee Trustee Vacancy - para 10.2 - A member of the Board of Trustees had been identified and will be approached at the July 2014 Board of Trustees meeting and asked if they were prepared to join the Committee.

SG/MD

5 DIRECTOR'S REPORT INCLUDING MAJOR CORPORATE RISKS (PAPER TAC 30/2014)

5.1 The Director presented his paper.

5.2 High Security Event Hire - As a prominent public building the Museum was often considered as a venue for receptions associated with major government or business events some of which maybe controversial. In addition, being an iconic venue protest groups know they will get publicity for their cause by demonstrating at the NHM. As a result there were associated risks to the building, collections and the Museum's reputation. Last week the China Britain Business Council organised at short notice a reception at the Museum to which the Chinese Premier, Le Keqiang and the Prime Minister were invited. There were pro and anti Chinese government demonstrations outside the Museum on the night and approximately 200 Metropolitan Police attended the event. The Security team liaised with the Police in preparation for the event which was well managed.

ACTION

- 5.3 Attendance Figures and Commercial Performance - Attendance at South Kensington in May and June to date had been strong, with higher numbers than last year. Special exhibitions were generating more income than plan and gross income from catering and retail was up more than visitor numbers. It was noted that although the net profit on special exhibitions was quite small special exhibitions drive visitor numbers. This had an unquantifiable knock on effect on retail and catering. The exhibition shops did well and special exhibitions went on tour when the exhibition closed in South Kensington.
- 5.4 Investors in People (IiP) Accreditation - The external assessor for IiP accreditation, worked with newly trained internal assessors in May to evaluate the NHM against 39 indicators for the IiP standard. Given the extent of structural change in the past two years, it was not an enormous surprise though still a disappointment that against 3 indicators the Museum was not able to show enough evidence that it met the requirements. NHM remain accredited and had twelve months to address the 3 indicators all in the area of staff learning and development. It was noted that at the last accreditation 2 of the indicators were borderline. An action plan had been constructed and while the Museum Director was not complacent he believed NHM will be able to provide the requisite evidence by May next year - please also see para 11.6.
- 5.5 Brand development - The Executive Board had been working with the branding agency Lambie Nairn on repositioning work arising from the new Museum five year strategy. Producing a clearer and more consistent positioning of the Museum with key stakeholders was essential if the Museum was to achieve the ambition of generating significantly higher levels of Development income. The long term capital plans for the Museum will be finalised at the July Board meeting and the Trustees Strategy Day in September and will then be presented to the Development Trust.

MD

- 5.6 Trustee Appointments - The DCMS appointments department was busy with the hunt for a new BBC Trust chairman and this had delayed the NHM process. Role specifications had, however, been agreed with DCMS for the two Prime Ministerial appointees and will be advertised from 23 June 2014. The Museum was required to follow the 2012 Commissioner for Public Appointments (OCPA) Code of Practice for the two Prime Ministerial appointments. The code required the Prime Ministerial appointments to be advertised publicly. The appointments on the recommendation of the President of the Royal Society, and a co-option by the NHM Board of Trustees were proceeding without government involvement.
- 5.7 David Attenborough's Natural History Museum Alive! -The DVD of the programme was formally launch in the Sir David Attenborough Studio at the NHM on 29 May. The programme won the BAFTA for best specialist factual documentary at the BAFTA awards ceremony on 18 May. There will be a special screening at Glastonbury at the weekend and the Museum received a share of the profits from screenings independent of Sky. The Museum understood that international sales of the programme were strong and there was significant interest in a cinema version. Both of these ventures will benefit the Museum under a profit sharing arrangement.
- 5.8 Their Royal Highnesses' Charities' Forum -The Duke and Duchess of Cambridge and Prince Harry have a Forum to bring together the charities they support through their patronage. Some time ago NHM were asked to host a meeting of the Forum and c50 members attended an event in DC1 on the morning of 30 May. The Chief Executives of the organisations represented talked about the collaborative work they had been doing to mutual benefit. The event received media coverage and positive feedback from Kensington Palace. The Duchess of Cambridge was very engaged with the Museum and was considering a private visit with Prince George.

ACTION

5.9 Universities Week - Last year NHM were approached by Universities UK (UUK), the representative membership body for Universities, regarding hosting Universities Week 2014. This was an opportunity to reinforce the perception that the Museum had strong links with the Higher Education sector and was an important component of the UK science base. There was an opening reception at which the Museum Director addressed David Willetts, Minister for Universities and Science, the Vice Chancellors and President of Universities UK, Professor Sir Christopher Snowden, Vice-Chancellor, University of Surrey. Opportunities to bid for new funds from Research Councils UK (RCUK) were identified including, a Planetary Return Containment Facility for extra-terrestrial matter from space. The facility will be used to: (a) conduct scientific investigations; (b) control contamination of the specimen; and (c) protect the Earth from potential hazards.

5.10 The event received useful media coverage but was more disruptive than expected. NHM will hold a review of the costs mainly staff time and the benefits of the event as UUK may ask NHM to host a future event. UUK paid for catering costs and staff time out of museum opening hours. The Chair recommended that a brief summary of the costs and benefits was presented to the Board of Trustees.

MD

5.11 National Volunteers' Week -The week beginning 2 June was National Volunteers' Week and the Museum held a reception for volunteers at the NHM, V&A, Science Museum and the British Museum. The volunteers' programme was important to the Museum and included c500 individuals across a broad spectrum of backgrounds and ages. Volunteers were involved across the Museum in the galleries and behind the scenes in the Science departments and Wildlife Garden. V Factor volunteers undertake valuable scientific curatorial activities in the Specimen Preparation Area of the Darwin Centre Cocoon which was open to the public. Volunteering was a valuable way for new graduates to obtain experience of working in Museums as a precursor to full-time employment. It was observed that the Museum's Alumni, volunteers, staff and ex staff were NHM ambassadors and potential donors with whom the Museum needed to maintain an ongoing relationship.

5.12 Review of Outstanding Audit Recommendations – The Museum Director and Head of Risk & Assurance continued to review audit recommendations outstanding from previous audit reports. Plans were in hand to address higher priority actions outstanding. Of greatest significance was the work on collections management auditing - please also see para 4.5 and 8.4.

5.13 Update on Major Corporate Risks - The Committee reviewed the Quarter 1 summary table of residual risk for the 2014/15 major corporate risks. The members noted that two risks had gone from red to amber and were content with the action being taken to manage the other risks. It was observed that further cuts to grant in aid was a serious possibility and the Museum could do very little to prevent this happening. The risk should, therefore, be considered for categorisation as a long term inherently high risk.

MD

6. ANNUAL ACCOUNTS 2013/14 AND AUDIT COMPLETION REPORTS (PAPER TAC 31/2014)

6.1 The Director of Finance & Corporate Services presented his report to accompany the accounts and the Museum accounts.

6.2 There had been an informal review of the accounts by the Chair of the Audit & Risk Committee, the Chair of the Board of Trustees and Mark Richardson (co-opted member) on 17th June 2014.

ACTION

6(a) Director of Finance and Corporate Services Report

- 6.3 Overall Results - The Chair of the Board of Trustees observed that the explanation of the overall results by the Director of Finance & Corporate Services in his report paragraph 2.1 and 2.3 was clearer since the original draft. However, a table setting out the year by year free cash flow of the business would assist readers of the Museum's accounts in understanding NHM's financial performance. An "EBITDA," type figure of NHM earnings before interest, taxes, depreciation and amortisation and other adjustments such as the capital grant payment to the Development Trust would provide a useful measure of the Museum's performance. The capital grant payment to the Development Trust was treated in the Director of Finance & Corporate Services report as a resource cost which was confusing to the reader. It was noted that some museums such as the British Museum and V&A included a SUPERSOFA (Statement of Financial Activities) table in the Trustees Report to assist the readers understanding.
- 6.4 The Chair of the Board of Trustees and members requested that:
- (a) the Trustees report for the NHM 2014/15 Consolidated Accounts included a SUPERSOFA; and
- (b) the management accounts to September included a SUPERSOFA covering the last 5 years.

NG

6(b) The Natural History Museum Annual Report and Accounts

- 6.5 Final proof reading had been taking place and there was an outstanding query in relation to pension contributions. Subject to any comments from the Committee a final set of accounts will be passed to the NAO later in the day. A set of draft Accounts had already gone to the Department of Culture Media and Sport (DCMS) for ministerial approval and the Museum was awaiting a response. It was noted that a set of draft Accounts was sent to DCMS for initial comments prior to ministerial approval. The NHM had never received any negative comments on substantive issues.
- 6.6 The intention was that the Museum Accounts would be approved and signed at the meeting of the Board of Trustees on 1st July and a signed copy sent to the Comptroller and Auditor General (C&AG) for signature shortly afterwards.

6(c) NAO Audit Completion Report (including Management Letter)

- 6.7 The BDO Partner presented the NAO Report.
- The Audit & Risk Committee reviewed the findings set out in the report, including the draft letter of representation and audit certificate.
- 6.8 Conclusion of the Financial Audit - The audit was substantially complete with a few items outstanding. However, the NAO/BDO anticipated recommending to the Comptroller and Auditor General (C&AG) that he should certify the 2013/14 financial statements with an unqualified audit opinion, without modification.
- 6.9 Natural History Museum Development Trust - NAO/BDO audit work had not given rise to any evidence suggesting that the Development Trust was still independent.
- 6.10 New Finance System – There was a concern that the audit may have been impacted by the implementation of the new Finance System, however, the concern did not materialise.
- 6.11 Revaluation of Land and Buildings - The revaluation of land and buildings had resulted in a significant uplift of over £50m in the Museum assets.

ACTION

NG

- 6.12 VAT Notification of Error Submitted 2010 – In 2009/10 a Notification of Error form was submitted to HMRC after NHM identified that £653k of input VAT relating to energy invoices had been over claimed because of a refund from the energy supplier. The £653k was provided in full in the 2009/10 accounts and had remained on the balance sheet as a liability. A formal assessment was never issued by HMRC and HMRC were now time-barred from raising an assessment. The Museum had agreed to ensure they were able to evidence the VAT Notification and write to HMRC again to offer payment.
- 6.13 Delay in Gift Aid Claim Submission - During 2012 HMRC revised the details to be used on gift aid declarations signed by donors. The Museum did not identify the changes until July 2013, by which point a claim for January to March 2013 had been submitted. The Museum wrote to HMRC on 26 July 2013 to advise of the situation and subsequent claims were put on hold. NHM had now received a letter from HMRC that the gift aid claims on hold may proceed.
- 6.14 NHM Audit Performance – The Museum had performed well against other museums and galleries as there were no control points raised in the Audit Completion Report. There were areas where the Committee needed to understand the judgements made, however, these were not of concern, for example, the VAT error. The NAO/BDO received a first draft of the accounts on the first day of their audit which was of very good quality. This had not always been the case in the past. In addition, there was more engagement from the Finance team which had improved the efficiency of the process.
- 6(d) The Natural History Museum Trading Company Limited and Kingston Smith Management Letter**
- 6.15 *(a) Trading Company Accounts*
- 6.16 The audit of the accounts was complete and the accounts had been approved at a meeting of the directors of the Trading Company.
- 6.17 *(b) Kingston Smith Management Letter*
- 6.18 The Kingston Smith Partner presented the Management Letter.
- 6.19 Kingston Smith had completed the audit of the Natural History Museum Trading Company Limited and the Kingston Smith Partner would be signing the Independent Auditors' Report later in the day. The audit approach was as outlined in their scoping letter dated 5th February 2014 and the information was received on time. As a result of the smooth running of the audit the fees maybe slightly reduced from those outlined in the scoping letter.
- 6.20 No material misstatements were identified during the course of the audit and there were no significant deficiencies in internal control.
- 6.21 Uncorrected Material Misstatements - The two misstatements were highlighted as they were over £10k, however, they were misclassifications and had no effect on the balance sheet. There was a bad debt provision for Restless Planet and this may not be carried forward in the 2014/15 accounts.
- 6.22 Minor Points for Management Attention - There were 8 minor points for management attention which were isolated instances. The sample size was extended in each case and no reoccurrences were found. In addition, in a number of cases the new finance system will address the points highlighted. Two of the points related to missing documentation i.e. two employment contracts and a sales contract.

ACTION

6(e) Special Funds, Benevolent Fund and Cockayne Fund

6.23 The audit of the accounts was complete and the accounts for the Cockayne Trust had already been approved.

6(f) Audit & Risk Committee Approval

6.24 Members:

(a) approved the Special Funds and Benevolent Fund for the Chairman of the Board's action; and

(b) recommended that the consolidated accounts for the Natural History Museum were approved by the Board of Trustees on 1st July 2014.

6.25 The Chair and members congratulated the Director of Finance & Corporate Services and his team on the successful completion of the audit and the annual accounts.

7. DIRECTOR OF FINANCE & CORPORATE SERVICES' FINANCIAL REVIEW FOR THE PERIOD APRIL - MAY 2014 (PAPER TAC 33/2014)

7.1 The Director of Finance and Corporate Services presented his paper.

7.2 Management Accounts - The new Finance system was not yet able to deliver a set of management accounts. It was possible, however, to extract data on actual balances year to date for the purposes of reporting but not in a readily reportable format. The figures in the Financial Review were, therefore, put together manually.

7.3 General Fund - The forecasted year end outturn for 2014/15 for the General Fund was £5.130m which was an increase of £1.150m compared with the original budget. This reflected a decrease in resource grant in aid of £0.485m arising from the Autumn Statement which had been more than offset by the brought forward General Fund from 2013/14 of £2.976m which was higher than anticipated.

7.4 Net Self Generated \ Trading Income - Visitor related income was strong. Conference and Events had a slow start to the year, however, there was a healthy schedule of bookings going forward. Although the surplus was below the year to date budget the Director of Finance & Corporate was confident the annual forecast was achievable.

8. HEAD OF RISK & ASSURANCE PROGRESS REPORT (PAPER TAC 34 /2014)

8.1 The Head of Risk & Assurance presented her report.

8.2 Review of the New Finance System - Key Controls - There will be a discussion following the meeting between the Director of Finance, the external auditors and the Head of Risk & Assurance to agree who will carry out the review. The Head of Risk & Assurance had approached Cross Department Internal Audit Service (XDIAS) for assistance with the audit but had so far not received a response.

8.3 Government Internal Audit Service Intranet - There had been a launch of a Government Internal Audit Service Intranet to provide a single portal of information including technical guidance. This was, however, only available to organisations on the Government Secure intranet (GSI).

ACTION

- 8.4 Collections Management Audit - The Head of Risk & Assurance had met with the Registrar on several occasions. The Registrar had drawn up a Collections Management Audit Plan template which was to be discussed at the Collections Security Group on 1 July and the Head of Risk & Assurance will attend the meeting. It was observed that the Museum may need to invest in a permanent member of staff whose sole responsibility was Collections Management Audit – please also see para 4.5.
- 8.5 Risk & Assurance Plan: 2014/2015 – The Chair noted the plan appeared to be on track, although the 4th Quarter looked challenging.
- 8.6 Contract Letting and Procurement – The Committee considered the report on Contract Letting and Procurement. The report was a priority 3 report and had been selected for review by the Committee as it was an area of interest. The Procurement Manager was attending the meeting following a decision by the Museum Director that in future when ever an audit report went to the Committee the manager of the area concerned should attend the meeting to answer any questions.
- 8.7 The key area where improvement was needed related to the accessibility of documentation to support the contract letting and procurement process. The Head of Risk & Assurance considered that the inability to locate evaluation reports, financial appraisals and signed contracts was in most cases due to poor records management rather than staff not following procedures. The finding was similar to the points raised by Kingston Smith in their Management Letter.
- The Procurement Manager found the audit useful and observed that a number of the actions recommended had been required for some time. Standard contract documentation had been rationalised/reviewed by the Museum’s solicitors and needed to be easily located in a central depository. The Procurement Manager agreed that documentation not held on the E-tendering system needed to be held in a central depository e.g. evaluation reports. It was noted there had been a contracts amnesty over the last few years.
- 8.8 The Procurement Guidance was in need of updating in the light of the new Finance System which had amended procedures. It was noted that it was the Procurement Manager’s role to rationalise the database of Supplier Accounts which had been reduced from approximately 21,000 to 1,800 as part of the implementation of the new Finance System. This had created some issues as a number of the suppliers were still required.
- 8.9 Whilst the Procurement Manager was responsible for implementing the majority of the recommendations in the audit report he was not responsible for all the varied procurement across the Museum. The Procurement Manager’s role was partly process and partly advisory which with the volume of NHM procurement was a challenge. It was, therefore, important that Procurement Guidance was well known and followed by staff across the Museum.
- 8.10 Procurement Maturity Assessment -The Museum had recently undertaken a Procurement Maturity Assessment which was conducted through the London Universities Purchasing Consortium (LUPC). The independent assessment of the procurement function was conducted by Southern Universities Purchasing Consortium (SUPC) Reading. The assessment will provide the Museum with: (a) a bespoke action plan for improvement; (b) a baseline to measure improvements; and (c) benchmark scores against similar institutions particularly in Higher Education who have undertaken the assessment.

ACTION

- 8.11 Travel Expenses - A new Travel Policy recently approved by the Corporate Services Executive which included cross Museum representation was to be launched on the intranet on 30th June. In addition it will be presented at the Policy Briefings for Managers. Staff travelling on official Museum business outside London were required to book travel and accommodation through the appropriate departmental administrators or use the approved Travel Management Company (TMC) directly. The current TMC arrangement was with Key Travel via an arrangement with the London Universities Purchasing Consortium (LUPC). It was expected that staff will travel standard \ economy class unless there are exceptional circumstances and prior approval had been obtained from the Head of Department. Heads of Department required approval from their director. There were challenges in ensuring all staff used the TMC especially in the case of scientific staff with limited travel budgets who were able to find cheaper flights etc. with other providers.
- 8.12 Travel & Expenses Audits - Reviews of travel and expenses by Risk & Assurance take place approximately every 2 to 3 years and the last review was in December 2012. The objectives of the review were to ensure expenses were: (a) claimed in compliance with the rules laid down by the Museum; and (b) were incurred in an appropriate and economical manner. In addition, a review of Planning & Design Consulting (PDC) in 2011 highlighted the fact that PDC were not using the Museum's TMC.
- 9. DIRECTOR OF FINANCE & CORPORATE SERVICES UPDATE ON THE "MONEY MATTERS" PROJECT (PAPER TAC 35/2014)**
- 9.1 The Director of Finance and Corporate Services presented his report.
- 9.2 Management Accounts - The project currently had an "amber" RAG status reflecting in particular slippage in the delivery of the management account reports. This was the only area of concern and a resource had been engaged to produce the management accounts and they were due to be ready in the next month.
- 9.3 Transactions - Transactions were being processed effectively across all areas of activity (purchases, sales, cash book, expenses and procurement cards) and system take up had been good and payment runs were taking place successfully for suppliers and expenses.
- 9.4 Training - It had been recognised and agreed that further training was required and this was being scheduled for early July and ad hoc training will be provided on request.
- 10. PRESENTATION BY RACHAEL CASSTLES (HEAD OF INTERNAL AFFAIRS) ON THE MAJOR CORPORATE RISK "THE MUSEUM FAILS TO DELIVER ON THE REQUIRED LEVEL OF REPOSITIONING WORK AND CANNOT MAKE ANTICIPATED IMPROVEMENTS IN INCOME GENERATION, PHILANTHROPY AND ADVOCACY". (PAPER TAC 36/2014)**
- 10.1 Rachael Casstles (Head of Internal Affairs) made her presentation on the management of the risk.
- 10.2 Business Strategies - Over the past two years the Museum had produced two major business strategies for Public Engagement and Science. Organisational change had been aligned with the strategies, for example, science initiatives, Audience and Content departments within PEG and the Central Project Office.

ACTION

- 10.3 New Museum Strategy - The Executive Board and Senior Management Team had been working on a new Museum Strategy for 2015/2020 in consultation with staff and trustees. There will be an external peer review and the Strategy will be discussed at the Trustees Strategy Day.
- 10.4 Brand Values - The Museum was developing brand values to define and explain how the Museum should be perceived. It was noted although the Museum introduced a new visual identity in 2004, the NHM did not invest at that time in defining how brand values should be translated into values and behaviours that define the Museum. The new Museum Strategy was an ideal time to undertake the work which was very important and fundamental to fund raising. It was observed that there needed to be a coherent campaign linking the Strategy, Branding and Fundraising.
- 10.5 Museum Strategy Success -The success of the Museum Strategy was predicated on aligning: (a) Strategic direction - a shared, considered and meaningful sense of where the Museum was heading and how it will get there; (b) Leadership - the extent to which leaders inspire others to act: and (c) Culture and climate - the presence of common values and quality interactions, supported by systems and processes.
- 10.6 Reputation - There was agreement that the NHM needed to make its highly respected reputation work harder with a distinct and accessible brand story that carried a consistent message to all NHM audiences across all channels.
- 10.7 Communications Strategy and an International Strategy -The Museum was developing a Communications Strategy and an International Strategy to ensure staff were aligned across the Museum.
- 10.8 Brand Experience - The current brand experience thinking was being integrated into future planning, for example, the Web Redevelopment Project. The brand experience was to be brought to life over touchpoints: (a) People and behavior - who we are and how we think/feel/act; (b) Marketing and Communications; (c) Products and services; and (d) Environments - the channels we have and how we use them.
- 10.9 Web Redevelopment Project - The current Museum website was developed in 2004 and there was a large programme of work to redevelop the site. The objectives were to: (a) improve user experience with a revised look and feel; (b) present content clearly to target audiences with specific focus on making the key user journey content rich and engaging; (c) raise the Science Group profile by more clearly presenting NHM capabilities, expertise and scientist profiles; and (d) facilitate self-generated income activities. It was observed that only a percentage of the population visited the Museum. The website user experience was very important to people who did not visit, particularly the younger audience.
- 10.10 **Four component risks were identified.**
- 10.11 **1. We fail to develop and integrate a single, unifying Museum strategy that articulates a clear and compelling purpose, vision and goals.** There will be further consultation with staff and trustees and plans were in place for July and September. There will be a peer review to validate and test the strategy.

ACTION

- MD/IO
- 10.12 **2. We fail to project a consistent brand experience to our key audiences.** The brand experience will inform the Museum visual identity, tone of voice and projects used in engaging external stakeholders with Museum activities. The Communications Strategy will make the Museum communications work harder. An internal engagement programme will be put in place to bring the Museum Strategy and NHM brand values to life. Triggers will help ensure staff live NHM brand values every day and are reminded of them. There will be work to define the corporate benefit of having a consistent brand experience and convincing staff that it benefited them. A Customer Service Strategy will be developed and this will cover front of house, catering and retail. In addition, there will be continual tweaking of the systems to ensure they were fit for purpose. It was observed that the new Science Advisory Committee could advise on the best themes to bring to the attention of the various audiences. The risk will be reduced to green as the improvement actions were completed.
- 10.13 **3. We fail to keep our external donors and prospects engaged in our fundraising projects.** The Development Department was being restructured to ensure the structure supported new business development. A Director of Development will be recruited to join the Executive Board. In addition, a Fundraising Strategy was being developed which will include Science sponsorship, for example, for collections digitisation and a public programme sponsorship package. The Museum will work to keep the trustees on the Development Trust engaged. The new Chair of the Board of Trustees was attending the next meeting of the Development Trust in July 2014 to talk about his aspirations for the Museum.
- 10.14 **4. We fail to make the case to Government/research councils/agencies for public investment in the Museum.** The Museum will plan advocacy opportunities and make the NHM brand work harder.
11. **PRESENTATION BY CHRIS HILLS (HEAD OF HUMAN RESOURCES) ON THE MAJOR CORPORATE RISK “LACK OF OPPORTUNITIES TO DEVELOP LEADERSHIP SKILLS RESULT IN REDUCED ORGANISATIONAL EFFECTIVENESS AND LOWERED STAFF MORALE”. (PAPER TAC 37/2014)**
- 11.1 Chris Hills (Head of Human Resources) made his presentation on the management of the risk.
- 11.2 The identification of the risk was informed by the Employee Engagement Survey 2013; and the Investors in People (IiP) Report of May 2014 which highlighted that 3 indicators all in the area of staff learning and development did not meet the requirement for IiP.
- 11.3 HR Strategy 2014/2019 – The strategy set out 4 key objectives. Objective 2: was to enhance the NHM performance management system and ensure links were drawn with other management processes such as leadership development planning. Objective 3: was to emphasise the discipline of Strategic Human Resource Management (SHRD) and ensure this was targeted and evaluated. The two objectives were complementary.
- 11.4 Directorates - There was to be closer collaboration with the Directorates in their planning cycles in order to include the expansion of leadership capabilities into delivery plans. Science Group in particular had a Development Board and a member of Organisational Development was present at meetings. The Board discussed the development of leadership skills against the museum’s management competency framework.
- 11.5 Employment Offer - Professional development including leadership skills will form part of the employment offer.

ACTION

- 11.6 Investors in People Accreditation - (IiP) - The Head of Human Resources will take on responsibility for IiP while the Head of Organisational Development was on maternity leave. HR were undertaking three monthly reviews of the 3 indicators relating to staff learning and development in order to ensure there was sufficient evidence for the external assessment in May 2015.
- 11.7 Performance Appraisal - It was noted, leadership skills across the Museum varied. Some managers had very effective leadership skills. Other managers found their specialism in the Museum all consuming and were, therefore, less interested in developing leadership skills. It was noted that it was important to embellish good people management skills as managerial style can affect staff deeply. Leadership needed to form part of the discussion on learning and development needs during the annual performance appraisal process. Performance objectives, however, tended to be activity based and managers did not necessarily have an objective relating to leadership skills. Performance objectives were measured by whether they were fully met, partially met or not met rather than by scoring. There were pros and cons to scoring which had been discontinued c10 years ago due to the expectation that a high score will lead to an increase in salary. Scoring was, however, being reintroduced in Science Group during the next year.
- 11.8 Trade Unions - The Head of Human Resources was working with staff representatives and full time officials from Prospect and the Public and Commercial Services Union (PCS). There was a particularly constructive relationship with Prospect on the learning and development theme. Prospect represent Science Group, other professionals and had a larger Museum membership than PCS.

12 ANY OTHER BUSINESS

- 12.1 There was no other business.

13. CLOSED SESSION WITH THE INTERNAL AND EXTERNAL AUDITORS

- 13.1 Expenses and Gifts & Hospitality - Members of the Audit & Risk Committee were content with the current arrangements for the approval of Executive Board and the Museum's Directors Expenses and Gifts & Hospitality as set out in NHM policies and procedures. However, it was important that there was a clear audit trail available for review.

14. DATE OF THE NEXT MEETING

- 14.1 The next meeting will be held at 10.00 a.m. on Thursday 6th November 2014.

KEY TO ACTION INITIALS

Stephen Green	- SG
Michael Dixon	- MD
Neil Greenwood	- NG
Ian Owens	- IO
Jan Day	- JD