

THE NATURAL HISTORY MUSEUM

AT A MEETING ON

TUESDAY 5 JULY 2016

AT 09.00 A.M.

AT THE NATURAL HISTORY MUSEUM

Present

TRUSTEES

Lord Green of Hurstpierpoint (in the Chair)
Professor Sir John Beddington CMG FRS
Professor Christopher Gilligan CBE
Professor Sir John Holman
Anand Mahindra
Hilary Newiss
Robert Noel
Simon Patterson
Professor Robert Stephen John Sparks FRS CBE
Dr Kim L Winser OBE

In Attendance (alphabetical order)

Frances Allen (Minutes)	Executive Assistant to the Director and Secretary to the Board
Rachael Casstles	Head of Internal Affairs
Sir Michael Dixon	Museum Director (and Executive Board Chair)
Neil Greenwood	Director of Finance and Corporate Services (Executive Board member)
Paul Guthrie	Head of Marketing (for item 9.5)
Andrew Hind	Compass Partnership (for item 1)
Mike Hudson	Compass Partnership (for item 1)
Dr Justin Morris	Director of Public Engagement (Executive Board member)
Professor Ian Owens	Director of Science (Executive Board member)
Harriet Richards	For item 9.5
Fiona McWilliams	Director of Development and Communications (Executive Board member)

1810 PRESENTATION OF BOARD ASSESSMENT REPORT BY COMPASS PARTNERSHIP (TP 16/38)

In line with best practice, an external review of the performance of the Board of Trustees and the Audit and Risk Committee is commissioned every three years as a means of measuring and assessing effectiveness in carrying out conferred principal responsibilities. Earlier this year the Compass Partnership was engaged to undertake this review and representatives from the company – Mike Hudson (Director) and Andrew Hind (Senior Associate) – presented the final report.

In summary, the review indicated that the NHM was a well-governed organisation and all “mean” satisfaction scores were above those for similar-sized civil society organisations. The findings concluded that appropriate structures, skilled and experienced Board members, high-quality chairing and an increasingly diverse Board constituent all contributed to the effective governance of the Museum. Notwithstanding, a number of key areas were identified that might warrant attention, as follows:

- a. Governance of fundraising, subsidiaries and commercial partnerships;
- b. Reporting and monitoring of organisational performance;
- c. Integration of committee work with the Board;
- d. Board agenda planning

The Executive will produce a *management response* and action plan in response to the recommendations, which will be discussed at the Annual Trustees' Strategy Day in September.

The Board thanked Compass Partnership for the report and concluded that the process had been an enjoyable and valuable exercise and welcomed the recommendations.

Following the departure of the Compass Partnership representatives a number of points were agreed:

- Greater oversight of the Trading Company would be achieved by members of the Commercial Advisory Board being invited to become Directors of the Trading Company;
- A Philanthropy and Commercial Sponsorship committee would be established to be Chaired by Dame Frances Cairncross;
- Minutes of all Board sub-committees and Advisory Boards would in future be circulated to all members of the Board of Trustees;
- A paper on risk management, as considered by the Audit and Risk Committee would in future be presented annually to the Board of Trustees;
- A simple performance dashboard of key indicators of the health of the Museum would in future be produced quarterly;
- The Executive will consider the structure of Board agendas and papers to make the most of the time available for discussion at Board meetings;
- There would in future be closed sessions at alternate meetings of the Board to discuss matters related to the Executive such as succession planning and annual appraisal of performance. These will take place in November and May.
- The Executive would seek to find more opportunities for members of the Board to meet informally outside the schedule of Board meetings.

Preliminary

1811 APOLOGIES FOR ABSENCE

Apologies were received from Dame Frances Cairncross and Professor Dame Janet Thornton. The Chair welcomed Mr Robert Noel to his first meeting of the Board and congratulated Professor Sir John Holman on his election to the position of President of the Royal Society of Chemistry.

1812 DECLARATIONS OF INTEREST AND REGISTER OF INTERESTS (TP 16/39)

Declarations of interest and changes to the Register of Interests were made by Professor Sir John Holman, Professor Christopher Gilligan and Mr Robert Noel and were recorded by the Secretary.

1813 MINUTES OF THE MEETING OF 17 MAY 2016

The Minutes of the meeting of the Trustees held on 17 May 2016 were confirmed as a true record and signed by the Chair.

1814 MATTERS ARISING FROM THE MEETING OF 17 MAY 2016 (TP 16/40)

Trustees noted the progress which had been made on items raised at the last meeting. All other matters arising are covered in the agenda.

1815 CHAIRMAN'S REPORT

The outcome of the EU Referendum has implications for the NHM, which were expanded upon during the course of the meeting.

1816 DIRECTOR'S REPORT (TP 16/41)

The Director reported on three major fundraising successes received over the last few weeks and congratulated the Director of Development and Communications, Ms Fiona McWilliams, and her team on these achievements.

1817 Financial Report for the period April 2016-May 2016 (TP 16/42)

Trustees noted that the risks to the Operating Surplus and General Fund highlighted in the report can be mitigated, in part, by the income risk factor and by additional operating savings predicted to continue through the year. A more fulsome review will take place at the end of Q2, which will reflect a review of all budgets. The report for Q1 will be circulated at the end of July/early August.

1818 Implications of EU Referendum outcome

The outcome of the EU Referendum undoubtedly will have wide-ranging ramifications for the NHM on a number of levels and a small group will be established to monitor external events and assess the impact of changes.

The Director highlighted some of the immediate concerns, but accepted that there may be wider implications post the trigger of Article 50 and, more immediately, after the Chancellor's Autumn Statement, which could herald a rise in taxes and cuts to public spending.

Notwithstanding, a prime concern is the impact the BREXIT decision will have on staff who are nationals (or have partners) from the EU member states. This not only affects the NHM, but also its contractors who employ staff from the EU. The Board also noted that the EU is an important funding source for Museum Science and barring access to this funding pipeline would have dire consequences for the Museum and so determining continued eligibility for EU funding, together with the status of funding for current EU-funded projects, was of high priority. Parallel to these discussions is how the decision will affect the future recruitment of researchers from EU member states. On a secondary level, but just as important, is the volatility of sterling on the FOREX markets and how this will influence philanthropic giving and make imported goods and services more expensive.

The Board thanked the Director for his report and urged the working group to look at the opportunities that may arise as well as the risks. Undoubtedly, the NHM will have to penetrate new global markets and reaccelerate relationships with partners outside Europe, such as China, Middle and Far East. On the positive side the Board reflected that weak sterling may have a beneficial effect on visitor numbers, as well as acting as a springboard for international entities to forge a relationship with an international institution such as the NHM.

1819 ANNUAL REPORT AND ACCOUNTS FY 2015-16 (TP 16/43)

Mr Neil Greenwood (Director of Finance and Corporate Services) presented for Trustees' approval the NHM's Annual Report and Accounts FY 2015/16, together with the accounts of: the NHM Trading Co. Ltd.; the NHM Special Funds Trust; the NHM Benevolent Fund for FY 2015/16; and the Cockayne Trust, which has now been wound up. The Board noted that the accounts had been scrutinised by the Audit and Risk Committee and some amendments to the narrative and layout had been made to reflect the Committee's recommendations. The Board noted that a substantive change had been made and this was the inclusion of the EU Referendum outcome as an emerging risk in the governance section.

Mr Greenwood pointed out that the operating surplus was lower than in previous years and growing this relies on increased self-generated income and savings from the change management exercise. This will be reflected in FY2016/17, but the full benefit on income growth will become more obvious in FY 2017/18.

SUMMARY:
The Board of Trustees approved the Annual Report and Accounts for signature by the Chair and Director for formal submission to the Comptroller and Auditor General at the National Audit Office.

UPDATES ON PREVIOUS ITEMS

1820 Key appointments (TP 16/44):

As part of the organisational changes, three key new senior appointments (either newly configured or newly created) have been approved to equip the NHM to better pursue the objectives in our *Strategy to 2020*. The roles are:

- Head of Master-Planning and Capital Projects
- Head of Strategic Communications
- Chief Digital and Product Officer

The first two appointments have been made and it is anticipated that the Chief Digital and Product Officer will be recruited and in place by January 2017.

1821: Annual Trustees' Dinner – review and recommendation (TP 16/45):

Ms McWilliams thanked the Trustees for their contribution to making the Annual Trustees' Dinner (ATD) a success and the very positive feedback from guests had helped Ms McWilliams shape a framework for future events. Ms McWilliams presented the proposal to develop four new major annual events, each of which would serve a different purpose and reach out to different constituencies in the effort to both generate funds and raise the Museum's profile. These events would be in addition to the VIP exhibition launches and other major events. A dedicated team, with creative leadership, would be established to take forward the proposals.

The Board agreed that the ATD should form the foundation of a strategic approach to supporter engagement to enable advocacy and influence to support the step change required to deliver Development income. Notwithstanding, it was felt that Science should take more of a centre-stage position at future ATDs and the rationale for the guest list be defined and agreed at an earlier stage in the planning.

The Board welcomed Ms McWilliams proposals and provided input into how these would be realised, particularly exploring the scope for attracting sponsorship of the events. However, it should also be borne in mind that the NHM preserves the commitment to those who are least advantaged and, in this spirit, the NHM should be careful not to create an aura of elitism by holding exclusive events. Ms McWilliams thanked the Board for its insight and pointed out that these events are specifically for fundraising purposes (apart from the ATD) and sit outside the NHM's main public offer, which maintains the tenet of inclusivity.

1822 Grounds Transformation Programme (TP 16/46)

Dr Justin Morris (Director of Public Engagement) confirmed that an application for planning permission and listed building consent had been submitted to the Royal Borough of Kensington and Chelsea (RBKC) on 13 May and a decision will be known after the Planning Committee meeting on 26 July. As with any planning application, there had been a number of objections, but the scheme had gained significant support from local resident associations and organisations. The Board suggested a number of independent ecological experts who could be engaged to support the planning application.

1823 Collections storage update (TP 16/47)

Professor Ian Owens (Director of Science) provided a status update for the three collections initiatives:

1. Life Science collections
2. Library collections
3. Geoscience collections

The desired option to move the collection offsite in partnership with a commercial developer is being pursued. However, Professor Owens warned the Board that there was a risk of delay and decision-making as commercial developers were rebuilding their business models post the EU Referendum. Professor Owens will also pursue Plan B (remedial work on site) in tandem with Plan A. Irrespective of what route is taken, the Museum will need government support to realise the desired option.

1824 Attendance figures (TP 16/48)

The Board welcomed Paul Guthrie (Head of Marketing) and Harriet Richards (Research and Insights Executive) to the meeting who presented analytical data on visitor numbers for FY2013/14 to FY2015/16. Ms Richards' presentation outlined NHM performance data, benchmarked against other major London venues, as well as implications for audience trends for FY2016/17.

In summary, the London market saw a decline in visitor numbers in the last six months of FY2015/16 and performance across the sector, including commercial venues, has been generally poor compared to the same reporting period in FY 2015/16. Only two comparator venues reported a year-on-year growth in Quarter 3 and 4, but this could have been driven by temporary exhibitions. In the NHM's case, it saw a downturn in the number of family visits and domestic visits from outside London in FY 2015/16 compared with the previous year's performance, whilst visits by "independent adults" remained unaffected. Intelligence suggests that these headline trends could have been in response to the Paris terror attacks in November 2015.

To counter this trend, a brand campaign focussed on attracting the domestic family market, will launch in summer 2016. The campaign will be marketed as an opportunity to say *farewell to Dippy* before he goes on tour and will feature alongside the wider Dinosaur Gallery offer. This activity will supplement that already planned over summer for the "Butterflies" and "Colour and Vision" exhibitions and "After Hours" evening. Mr Guthrie outlined how the campaign will be marketed (through outdoor advertising and exposure on digital platforms) and he thanked the Board for suggesting ways in which to exploit other channels of advertising in the future.

1825 International activities (TP 16/49)

International work is one of the four focal points of the Museum's *Strategy to 2020* and the intention is to both enhance the positioning of the NHM overseas and seek commercial business income growth. In the early days it is anticipated that such commercial opportunities will be focused on markets and sectors where the Museum already has a presence, but increasingly the aim is to develop other business opportunities that are focused on selling the NHM's brand and expertise via consultancy and training courses. Against the backdrop of other priorities, the short-term ambitions are moderate with the focus trained on a small number of territories and sectors where the Museum already has a presence. The Director outlined the programme for international visits, together with the strategy for 2016 and 2017.

The Board agreed that, in light of the BREXIT vote, it is crucial for the Museum to forge more global partnerships to both expand the NHM brand and exploit commercial opportunities and Trustees offered their help in this endeavour. Nonetheless, before embarking on this journey, it is important to have very clear objectives (against which achievements can be measured) and an exit plan to maintain control and ensure that the aims are met.

1826 Employment Offer update (TP 16/50)

The Board noted the status report and looked forward to a further update, together with recommended options for the future pension provision, in November.

Main Items:

1827 TOPICS FOR ANNUAL TRUSTEES' STRATEGY DAY (TP 16/51)

The Director's paper proposed a number of topics that warrant discussion at the Annual Trustees' Strategy Day. It was agreed that the Director will seek Trustees' input outside the meeting and circulate a draft agenda by the end of July/beginning of August for finalisation.

AUDIT & ASSURANCE

1828 Report of the Meeting held on 30 June 2016

The Chair of the Audit & Risk Committee, Hilary Newiss, provided an update on the discussions held at the meeting on 30 June 2016. The discussion had focussed on the finalisation of the Annual Accounts, together with a review of the corporate risks. The Chair thanked Ms Newiss and Mr Greenwood for their support to the ARC.

1829 Audit and Risk Annual Report 2015/16 (TP 16/52)

Noted.

1830 AGENDA ITEMS FOR FUTURE BOARD MEETINGS (TP 16/53)

The rolling agenda for future meetings was noted.

1831 EVENTS DIARY (TP 16/54)

The Board of Trustees noted the contents of the report.

1832 DATES OF NEXT MEETINGS

2016:

- 20 September 2016 – Annual Trustees' Strategy Day at the Chelsea Physic Gardens
- 22 November 2016 (PM: Science Session)

2017:

- 21 February
- 16 May
- 4 July
- 19 September
- 21 November

2018:

- 13 February
- 15 May
- 3 July (Annual Staff Summer party in the evening)
- 18 September (Annual Trustees' Strategy Day)
- 20 November

1833 ANY OTHER BUSINESS

None was declared.

