

No 250

THE NATURAL HISTORY MUSEUM

AT A MEETING ON

TUESDAY 21 FEBRUARY 2017

AT 09.00 A.M.

AT THE NATURAL HISTORY MUSEUM

Present

TRUSTEES

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

In Attendance

Sir Michael Dixon	Museum Director (Executive Board Chair)
Neil Greenwood	Director of Finance and Corporate Services (Executive Board member)
Dr Justin Morris	Director of Public Engagement (Executive Board member)
Fiona McWilliams	Director of Development and Communications (Executive Board member)
Frances Allen (Minutes)	Executive Assistant to the Director and Secretary to the Board
Rachael Casstles	Head of Internal Affairs
Chris Hills	Head of Human Resources (for item 9)
Jim Broughton	Head of International Engagement (for item 11)
Piers Jones	Chief Digital and Product Officer (for item 12)

CLOSED SESSION

The Board of Trustees held a closed session at which only Board members and the Director (for part of the discussion) were present. The session was held *in camera*.

Preliminary

1858 APOLOGIES FOR ABSENCE

Apologies were received from Professor Sir John Beddington CMG FRS and Dame Janet Thornton DBE FRS.

1859 DECLARATIONS OF INTEREST AND REGISTER OF INTERESTS (TP 17/01)

Declarations of interest and changes to the Register of Interests were made and recorded by the Secretary to the Board.

1860 MINUTES OF THE MEETING OF 22 NOVEMBER 2016

The Minutes of the meeting of the Trustees held on 22 November 2016 were confirmed as a true record and signed by the Chair.

1861 MATTERS ARISING FROM THE MEETING OF 22 NOVEMBER 2016 (TP 17/02)

Noted.

Corporate items:

1862 CHAIRMAN'S REPORT

The Chair had nothing to report.

1863 DIRECTOR'S REPORT (TP 17/03)

The Director highlighted the following items:

Management Agreement: The Director was pleased to report that the Chair and Director of the Museum and the Secretary of State have now signed the Management Agreement. The Management Agreement, between the NHM and the Department for Culture, Media and Sport (our sponsoring department), sets out the framework of accountability within which the Museum operates as a NDPB.

Governance Principles: The revised Governance Principles Manual will be issued as a single, indexed portable document file (pdf) by the end of the year.

Changes to risk management: Following the external review of risk and assurance, the Audit and Risk Committee (ARC) had agreed to simplify the process by which the Museum manages and reports risks to the ARC and Board of Trustees. The new process will allow risk management to be more easily embedded in how the Museum manages its business, resulting in stronger control and increased visibility at Board level. The new reporting templates will be submitted quarterly to the ARC and bi-annually to the Board of Trustees.

Board Committee terms of reference: The Board approved the Terms of Reference for the Audit and Risk Committee, as revised, and the new Property Committee. It was agreed that the terms of reference for the various Board committees should be reviewed on a regular basis and feature on the agenda as items for approval.

Treasures: The Chair and a delegation of senior staff will attend the opening of '*Treasures of the Natural World*' in Tokyo in March. The Executive thanked Dr Winsor for her help in establishing a local event in support of the Museum's Development effort.

Existing KPI report: The Board thanked Sir Michael for his report and particularly appreciated the inclusion of Science activity information, but would welcome the inclusion of some historic comparative data, where appropriate and possible. In addition, Professor Christopher Gilligan felt that it would be helpful for the Board to receive a series of organograms that explained how functions are organised and resourced Museum-wide.

1864 FINANCIAL REVIEW FOR THE PERIOD APRIL 2016 - DECEMBER 2016 (TP 17/04)

Mr Neil Greenwood (Director of Finance and Corporate Services) reported an improved position since the previous forecast. Income is still as forecasted and includes an income risk factor to mitigate the risk of shortfalls in visitor-related income during the closure of Hintze Hall.

Mr Greenwood reported a reduction in the forecast for capital expenditure, compared to the original budget, due to unexpected challenges. The Board expressed concern over the slippage in annual capital expenditure as a recurring theme, but was reassured that the Property Committee will review capital expenditure as part of its remit.

1865 INVESTMENT POLICY (TP 17/05)

The Audit and Risk Committee (ARC) had endorsed the Museum's investment policy's objectives at its February meeting, but recommended the inclusion of a statement that all investments should align with the Museum's brand values. The modified policy presented to the Board includes this statement. To ensure due diligence, the Board also discussed how the policy supported the Museum's ethical policies and, on the basis of the reassurances from the Executive, the Board approved the policy.

Items for Approval:

1866 BUDGET FY2017/18 (TP 17/06)

At the meeting in November the Board reviewed a balanced budget for FY2017/18, together with the financial plan and projections through to FY2021/22, but after due consideration, the Board rejected the budget indicating a preference for a higher level of General Reserve Fund (GRF). The Executive was asked to submit a revised budget in February, which set a minimum level of GRF of £4m and a cash flow forecast that provided evidence that this minimum should not be breached during the course of the next fiscal year

The revised budget, presented by the Director, met the desired criteria and incorporated the latest projected outturn for the current year and future projections for self-generated income. In finalising the budget a number of assumptions had been made and these were outlined by the Director, together with the risks and contingency planning required to accommodate the increased GRF. The Director explained the categorisation of reserves held by the Museum according to charity accounting requirements, thereby demonstrating that the GRF is not the sole reserve fund held.

The Board approved the balanced budget for FY2017/18 and decided as a revision to the existing policy that the GRF should be set at a minimum of £4m (10% of operating expenditure), which will be kept under review. Notwithstanding, the Board welcomed the level of GRF for FY2017/18 set at £5m.

1867 DEFINED CONTRIBUTION PENSION SCHEME FOR NEW STAFF (TP 17/07)

At the November 2016 meeting, the Board approved the proposal to establish a defined contribution pension scheme for new entrants. Mr Christopher Hills (Head of HR) provided an overview of the main features of the scheme, which will come into effect on 1 April 2017. The new arrangement would also allow the flexibility to offer the Principal Civil Service Pension Scheme (PCSPS) to specific hires (e.g. senior science research staff currently in the University Superannuation Scheme) who would regard switching to a defined pension scheme as an insurmountable impediment to joining the NHM. Mr Hills reassured the Board that entry into the PCSPS will be carefully managed and eligibility would be open, transparent and explicit from the outset.

1868 NORMA PROJECT (TP 17/08)

The Board noted the report and approved the proposal to relocate a mineral collection to the Keyworth (BGS) site, under licence, subject to suitable heads of terms being agreed. This is on the understanding that a statutory instrument to cover the relocation will be sought via DCMS as soon as possible.

1869 INTERNATIONAL BUSINESS STRATEGY (TP 17/09)

The Board was reminded that the last review of the International Business Strategy by the Board took place in 2015. The updated International Business Strategy, presented by Mr Jim Broughton (Head of International Engagement), reports on progress against the business targets and the organisational change activity since 2014. The document also demonstrates the Museum's stratified approach to international work and the principal areas of geographic focus. The Director gave a short presentation to explain how the strategy is being implemented and, in particular, the priorities for 2017/18.

The International Engagement programme has developed over the last two years to both satisfy the aim of generating revenue and providing a platform for NHM brand extension, science and fundraising. The Strategy sets out how International Engagement proposes to gain traction in key global markets, acknowledging that local business culture is an important factor to be considered in operating successfully in each market. As with

any new enterprise, results will not emerge in the short-term and time needs to be devoted to turning aspiration into reality, so the Strategy recognises that start-up activities will require multiple visits and senior representation to yield results. A number of key strategic countries have been identified where the Museum sees the potential to achieve the most impact and a country plan will be developed for each of these nations. The plans will incorporate consideration of local Development opportunities and provide a platform to help the Museum engage with international corporates, HNWIs, trusts/foundations etc. As well as opportunities there are risks and so care will be taken not to spread resources too thinly nor be distracted from other strategic priorities.

International Engagement activity embraces a number of key businesses, including museum and design consultancy service, capacity building and touring exhibitions where the aspiration would be to develop one new touring exhibition each year using the NHM's unique collections as leverage to attract world-class institutions. The first to be developed is *Treasures of the Natural World*, which is the Museum's largest ever exhibition and will open in Tokyo in March 2017. Two other exhibitions are in development.

The Board supported the work of International Engagement and asked for a further review in 2018 so as to track progress in the key countries identified in the Business Strategy. It would also be of benefit to track the level of engagement in the other countries where science (and not business) provides the platform for engagement. The Board also discussed the impact of using a VVIP for fundraising activities in the US to leverage philanthropic opportunities. It was suggested that Ms McWilliams consider this as part of future fundraising plans in the USA.

1870 DIGITAL MEDIA PRODUCT MANAGEMENT IMPLEMENTATION (TP 17/10)

Mr Piers Jones (Chief Digital and Product Officer) believes that a new digital strategy is needed to truly realise the Museum's ambition to challenge how people think about the natural world and to satisfy the expectations of a digitally astute public whose behaviours are evolving rapidly as new technologies and devices become more widely adopted. Essential to this goal is the need to experiment with different format material for release on social media (in the form of apps and downloadable video content) to not only amplify the Museum's work, but also to make the NHM brand more visible and relevant to a younger audience. In addition, the NHM website provides a good growth opportunity; using it as a platform to showcase high quality, compelling content that engages a local, national and global audience in the science and collection of the museum.

However, to deliver a vision that responds to these challenges requires a restructure and the introduction of new ways of working, based on a "lean" or "hypothesis-driven development" approach. This methodology introduces the new role of product manager who would lead a cross-functional team to deliver the digital portfolio of activities. Mr Jones outlined the finer details of the restructure and it is hoped that the changes will be rolled out throughout the year with full complement by the end of the year.

The Board fully supported the proposals and Mr Simon Patterson (Trustee) commented that the vision was the result of 18 months' work. The benefits of the vision outweighed the risks and reorganisation would make it easier to work with corporate partners, enabling increased potential to raise funds or receive gifts in kind. Mr Anand Mahindra (Trustee) welcomed the new approach and commented that it will also allow the Museum to have a stronger educational role and, in time, the Museum may also be able to provide downloadable educational modules, as is being produced by other providers.

Items for Noting:

1871 HEALTH AND SAFETY REPORT – OCTOBER-DECEMBER 2016 (QUARTER 3) (TP 17/11)

Following on from the HSE inspection in September 2016, a purchase order has been raised to replace existing ozone dosing systems in the Palaeontology Cooling Tower. Mr Robert Noel asked that this expenditure be linked to the building plan. The Board noted the remainder of the report.

Committee reports:

1872 REPORT AND MINUTES OF THE DEVELOPMENT ADVISORY COMMITTEE MEETING HELD ON 12 JANUARY 2017 (TP 17/12)

Dame Frances Cairncross (Chair of the NHM Development Advisory Committee) provided an update from the meeting held on 12 January and highlighted the following:

Case for Support: More Partnership is nearing the finalisation of the *Case for Support* document, which will be submitted to the Development Advisory Committee in May.

Priority projects: The Committee is conscious that the Property Committee is responsible for driving forward the Museum's building plan and so will work closely with this Committee in the context of priority projects.

1873 REPORT AND MINUTES OF THE COMMERCIAL ADVISORY COMMITTEE MEETING HELD ON 2 FEBRUARY 2017 (TP 17/13)

Dr Winser (Chair of the Commercial Advisory Committee) provided an update on the Committee's recent discussions and confirmed that the focus for the next meeting will be the Publishing business.

1874 REPORT AND MINUTES OF THE SCIENCE ADVISORY COMMITTEE MEETING HELD ON 5 DECEMBER 2016 (TP 17/14)

Professor Sparks (Chair of the Science Advisory Committee) provided a report on the December meeting at which the *Centres of Excellence* initiative was discussed. This will be further debated by the forthcoming external Visiting Group to Science in late June. In the meantime, Professor Ian Owens (Director of Science) was asked to circulate to the Board the paper on the *Centres of Excellence* discussed at the meeting on 5 December 2016.

1875 REPORT AND MINUTES OF THE AUDIT AND RISK COMMITTEE MEETING HELD ON 9 FEBRUARY 2017 (TP 17/17)

Ms Hilary Newiss (Chair of the Audit & Risk Committee) reported that:

Delays in responding to audit reports: Despite frequent reminders, managers were not consistently responding to draft audit reports in a reasonable timeframe. To ensure that this risk is managed by having a good process in place, the Committee agreed that there should be a formal policy requiring a response to draft audit reports within four weeks.

Science Income report: The report highlighted the need to review the in-house legal service to ensure it met the future needs of the Museum. Rachael Casstles (Head of Internal Communications) will undertake a review of the Museum's legal service.

1876 REPORT AND MINUTES OF THE PROPERTY COMMITTEE MEETING HELD ON 9 FEBRUARY 2017

Mr Robert Noel (Chair of the Property Committee) reported on the inaugural meeting of the newly formed Property Committee. The Committee included two co-opted members (from the former Estates and Buildings Advisory Committee) and the hope is to appoint one further Trustee to the Committee plus a co-opted construction industry expert.

The first meeting covered the history of the various feasibility studies. The Committee also reviewed the critical building/infrastructure issues and grouped these into (a) standalone projects and (b) interlinked projects to provide a roadmap. The Committee concluded:

- a) Everything that falls within each block needs to be considered together
- b) The impact of what the plan is for each block needs to be fully considered before embarking on any work

The Committee is approaching this hypothesis on the basis that Plan A for Collection Storage revolves around a solution within the Museum's ownership.

1877 AGENDA ITEMS FOR FUTURE BOARD MEETINGS (TP 17/15)

The rolling agenda for future meetings was noted.

1878 EVENTS DIARY (TP 17/16)

The Board of Trustees noted the contents of the report.

1879 DATES OF NEXT MEETINGS

2017:

- 16 May
- 4 July (Annual Staff Summer Party to be advised)
- 19 September (Annual Trustees' Strategy Day – all day)
- 21 November

2018:

- 13 February
- 15 May (Birmingham Gas Hall – to be confirmed subject to *Dippy Tour* dates)
- 3 July (Annual Staff Summer Party in the evening)
- 18 September (Annual Trustees' Strategy Day – all day)
- 20 November

1880 ANY OTHER BUSINESS

None.

A handwritten signature in black ink, appearing to read 'S. Allen'.