

THE NATURAL HISTORY MUSEUM

AT A MEETING ON

TUESDAY 21 MAY 2013

AT 9.00 A.M.

AT THE NATURAL HISTORY MUSEUM

Present

TRUSTEES

Oliver Stocken (in the Chair)
Daniel Alexander QC
Professor Sir Roy Anderson
Sir John Beddington CMG FRS
Louise Charlton
Professor David Drewry
Professor Christopher Gilligan
Professor Sir John Holman
Dr Derek Langslow CBE
Sir David Omand GCB
Dr Kim L Winser OBE

In Attendance (alphabetical order)

Frances Allen (Minutes)	Executive Assistant to the Director and Secretary to the Board
Joe Baker	Special Adviser to the Director
Alan Barlow	Head of Health and Safety (for item 10.1)
Dr Michael Dixon	Director
Neil Greenwood	Director of Finance & Corporate Services
Dr Justin Morris	Director of Public Engagement
Professor Ian Owens	Director of Science

Preliminary

1499 APOLOGIES FOR ABSENCE

Apologies were received from Professor Alex Halliday and Mr Neil Greenwood (who was given leave of absence to attend Mr Ian Jenkinson's funeral).

The Chair welcomed Sir John Beddington to his first meeting of the Board of Trustees. Sir John has been co-opted to the Board for a period of four years from 15 May 2013 and will provide the Board with expertise in biodiversity science and policy. Sir John was Chief Scientific Adviser to the UK Government from January 2008 to April 2013. While in post, he led on providing scientific advice to Government during the 2009 swine flu outbreak, the 2010 volcanic ash incident, and the emergency at the Fukushima nuclear power plant in 2011. He was also responsible for increasing the scientific capacity across Whitehall by encouraging all major departments of state to recruit a Chief Scientific Adviser.

1500 DECLARATIONS OF INTEREST AND REGISTER OF INTERESTS (TP 13/24)

These were noted by the Secretary to the Board.

1501 MINUTES OF THE MEETING OF 5 MARCH 2013

The Minutes of the meeting of the Trustees held on 5 March 2013 were confirmed as a true record.

1502 MATTERS ARISING FROM THE MEETING OF 5 MARCH 2013 (TP 13/24)

Board Succession Plan: The Director is formulating a skills audit template to be circulated to Trustees for completion. This exercise aims to exploit Trustees' expertise in identifying any skills gaps on the current Board, which need to be considered in future appointments to the Board. The Director will circulate the template in due course.

1503 CHAIRMAN'S REPORT

The Chairman reported that the Permanent Secretary at DCMS, Mr Jonathan Stephens, will be leaving Whitehall at the end of July and at the current time his successor is unknown. The Director will update the Board as more information emerges from Whitehall.

1504 DIRECTOR'S REPORT (TP 13/27)

The Director highlighted a number of items from the report:

Ian Jenkinson: It is with deep sorrow he reported that the Museum's Head of Visitor Engagement, Mr Ian Jenkinson, passed away unexpectedly on 8 May. Mr Jenkinson was a loyal and well-loved colleague and his death is a tremendous loss for all at the Museum.

Royal Patronage: The Museum was delighted to announce on 19 April the appointment of HRH The Duchess of Cambridge as Patron of the Natural History Museum. The Director has joined the Charities Forum comprising the Chief Executives of the charities patronised by the Duke and Duchess of Cambridge and Prince Harry. The Museum will be exploring co-operative opportunities to work with some of the charities that comprise the Forum.

Attendance Record in FY 2013/14: Following the all-time record in attendance during the calendar year 2012, the annual total of visits increased further through the final quarter of the fiscal year and reached 5.13 million by year-end. The Natural History Museum at Tring also saw the same outcome, with fiscal year attendance reaching 157,000. Whilst attendance is not the only indicator of Museum performance, this out-turn is quite exceptional, even if the crowding on busy days is challenging to manage.

As a separate issue, it was agreed that a future Trustees' meeting would be held at Tring or Wandsworth and the Executive will propose options for offsite meetings in due course.

The Chancellor's Budget 2013/14: Following the Budget presentation on Wednesday 20 March, DCMS has advised the Museum that resource grant-in-aid to the NHM will be reduced by a further 1.09% and 1.06% in 2013/14 and 2014/15 respectively. The revised allocations have been incorporated into the 2013/14 budget, which was presented to Trustees at the meeting. However, the longer-term concern is the widespread belief that a spending plan for 2015/16 will incorporate a further 10% cut on average to Departments whose spending is not "protected" as is the case for health and education. In addressing this, the Executive had made a detailed submission to DCMS on the impact of cuts in 2015/16 of 5%, 10% and 15% respectively. The Director will continue to meet with DCMS officials to champion the Museum's cause.

Various ideas were proposed to strengthen the Museum's case for increased funding, including:

- A very compelling argument to present to government is that fact that the NHM is the custodian of a very iconic set of public buildings valued at circa £450 million for which the Museum only receives £2 million per annum for capital improvements to the estate. It was suggested that there could be merit in joining forces with the other South Kensington institutions to present to government a collaborative case for increased capital funding.

ACTION:

The Director will seek advice from Treasury officials on a possible process and will seek advice from Sir John Beddington, as appropriate

- Continue to demonstrate the very positive impact the Museum has on the economy by its strong contribution to tourism, as well as attracting young people to science as a possible career choice. In this context, the Museum should find a way to demonstrate to the Department of Education the value-added benefits the Museum delivers. It was acknowledged that getting hard and tangible data to demonstrate the impact was very difficult, but the Wellcome report on informal learning provided an insight into how these impacts can be measured. It was proposed that a two-pronged attack could be mounted whereby: (1) the NHM and the Science Museum issue a joint invitation to the Minister for Education to visit the museums to see first-hand the part they in education and (2) approach the new Chief Scientific Advisor at BIS.

Dr Morris commented that the Learning Strategy was at an embryonic stage and the challenge in formulating a long-term vision was predicting trends in a future operating environment, which to a large extent will be informed by the changing landscape of central funding and the curriculum. Ultimately this will influence investment in the Museum's physical versus the virtual learning offer.

- The role that social media plays in reaching an audience should not go unrecognised. It is estimated that the Museum receives circa 7 million unique digital visitors and so this intrinsic data should be conjoined with the physical attendance figures to strengthen the Museum's case to put additional pressure on government for increased funding.

Major Test of Crisis Management Readiness: The recent crisis management test exercise (undertaken on 28 February) revealed the need for the Museum to have a permanently equipped offsite venue from which to oversee the management of crises. It was noted that the Wandsworth and Tring sites were deemed unsuitable due to the distance to South Kensington. This is recognised as a major corporate risk for 2013/14 and was presented to the Audit and Risk Committee at its meeting in May.

International Work: The Museum is in discussion with potential international partners. Trustees asked to be updated on a regular basis.

Major Corporate Risks: The top rated risks for 2012/13 had been rescored and a list of other risks identified and newly scored. The resulting list of top ten risks for 2013/14 was presented to the Audit and Risk Committee at their May meeting. The risks have each been designated to a group responsible for their management, and the majority now have identified 'owners' who will complete the risk management templates and update them quarterly. It was suggested that there could be merit in adding a timescale for each risk (based on a five year timeframe).

1505 PERFORMANCE

Performance Outturn to End Fourth Quarter 2012/13: (TP 13/28)

Trustees noted the report. The Director reported that he will be working over the next few months with Professor Owens and Dr Morris in developing a new performance measures and reporting framework alongside the implementation of the Science Strategy and the development of the new Public Engagement Strategy. This will result in having a small number of very clear performance indicators.

From the list of performance indicators, the Director would like to see an increased spend per head in the commercial outlets in correlation with visitor numbers.

Main Items:

1506 EXTERNAL REVIEW OF THE BOARD: FINDINGS (TP 13/29)

The Board of Trustees welcomed to the meeting Mr Mike Hudson, the Managing Director from Compass Partnership who presented the findings from the triennial review of the performance of the Board. The review concluded that the Board is working very effectively, it is of appropriate size and composed of highly experienced and committed individuals working in a collegiate manner delivering considered and effective governance. It is excellently chaired, well supported and serviced and contributes a good range of perspectives and values diversity. In addition, the Board challenges and supports the Executive with whom there is high mutual regard. However, the Museum faces ever-increasing challenges in the coming years and Compass Partnership made recommendations for refining aspects of governance to help meet these challenges.

Trustees were satisfied with the response and welcomed the recommendations made by Compass Partnership. The Board further noted that the ratings given to the NHM's governance processes are high relative to a cohort of other, similar institutions, but that there are some areas which could be further developed to reflect best practice and some areas for the Board to consider for the future. A management response had been produced to address the specific recommendations (Trustee paper TP 13/29), which the Board endorsed as the action plan for those specific areas where proposals for change had been made. In addition to the Management Response, the following comments and specific actions were noted:

Recommendation 1: *The Board should systematically review in depth the achievement against the NHM's strategic objectives on an annual basis.*

It is recognised that the Museum does not currently have adequate measures (KPIs) to indicate performance against strategic objectives due to various factors including the recent restructures of the Public Engagement and Science groups. One of the key objectives for the next period is for Dr Morris and Professor Owens to formulate a shorter list of KPIs to indicate trajectory against objectives. It was noted that, in the context of the anticipated spending review, it would be prudent to devise a mechanism to buffer future shocks, such as drastic cuts to grant-in-aid funding.

Recommendation 3: *Board strategy days might benefit from greater Board input into the planning the content and tone of the day and the use of a facilitator.*

A more effective use of the day would be welcomed by the Trustees and in pursuing this goal there may be merit in producing a short bulleted summary of strategic issues that have been discussed historically to help inform the future approach.

ACTION:

In advance of the July Trustees' meeting the Director will circulate to Trustees a list of topics that have been discussed at the Annual Strategy Days in recent years in order for Trustees to consider what key strategic issues should form the agenda for October's meeting. This will be discussed at the July meeting.

Recommendation 5: *Matters relating to finance and capital expenditure should feature at the earlier part of Board meetings.*

A new method of financial reporting – presenting concise and succinct information – will be piloted at the July meeting. Dr Winser would find it very helpful to have a summary of those commercial activities (and performance) being undertaken in Science and PEG in advance of the main financial reporting.

Recommendation 6: *The Nominations Committee should strive to create a better Board gender balance by using external help if necessary in the recruitment process.*

The Board acknowledges that the gender balance of the Board has moved in the wrong direction in recent years. Some measures can be put in place to help combat this issue including writing role specifications that will attract female applicants and to also use the proposed Scientific Advisory Board to develop potential candidates.

ACTION:

Professor Owens was asked to provide a brief update (in the Science Update) on the Scientific Advisory Board at the July meeting.

Recommendation 9: *A more formal way to involve Trustees in assessment of the Director's performance should be introduced.*

The Director will circulate his self-assessment of performance measured against objectives to the Chair in good time in order that he may garner feedback from the Board. It was agreed that following the Remuneration Committee meeting in June, feedback on the Director's performance will be circulated to Trustees.

Recommendation 11: *Trustees should have access to a process for collecting anonymous information on Board performance.*

The Board did not see this as an issue to be addressed.

Recommendation 12: *Oversight of financial governance and audit functions by the same committee (Audit and Risk Committee) may be inadvisable for an organisation of the size and reputation of the NHM.*

The Chair of the Audit and Risk Committee, Sir David Omand, is comfortable with the present arrangement and was supported in his view by fellow Committee member, Dr Langslow. It was noted that the Museum does have its own internal audit unit to oversee governance as well as regular audits by independent auditors

In line with the agreed process, the next external review of Board performance is scheduled to take place in 2016 with lighter touch, internally managed reviews in the intervening years.

1507 MEDIUM-TERM FINANCIAL PLANNING (TP 13/30)

HM Treasury is currently working on spending plans for 2015/16 with an announcement in Parliament planned for 26 June 2013. The public statements issued by Treasury Ministers have indicated that there could be an average cut of 10% in government funding for unprotected departments, which includes the Museum's funding body – DCMS. In preparation for this review the Museum was asked in April to submit indicative plans to DCMS for potential scenarios of 5%, 10% and 15% cuts for 2015/16. The Museum's response focussed on reductions in expenditure rather than mitigating the cuts by

additional self-generated income. However, it has to be recognised that any potential savings have to be balanced with constraints that face the Museum, such as the high fixed (or largely unavoidable) cost base, utility and maintenance costs. It should be also noted that the 5%, 10% and 15% scenarios take the Museum's public funding beyond the 15% free admission *tipping point* articulated in the Museum's submission for CSR2010. Mr Greenwood's paper states that the subsequent cuts of 3% cash from the 2012 Autumn Statement and the 2013 Budget arguably have already done this and negated the additional funding for the reintroduction of free admission in December 2011. So, in real terms, the Museum is subsidising free admission and not the Government!

Ominous portents for the Museum are that the Treasury wish to shrink the number of ALBs it manages and instead create Independent Trusts, as well as reconsidering where certain ALBs are located. Therefore, a very real issue for the Museum is how we it be funded?

The Director outlined the current work to reduce the likelihood of risk being realised including regular dialogue with DCMS ministers and an advocacy programme led by the Directorate. Moreover, to buffer the effects of future cuts to grant-in-aid funding, the Executive has been considering a number of actions to mitigate the impact, which includes:

- Continued vigilance on discretionary costs
- Restructuring to reduce staffing costs
- Renewed attention on maximising income from existing revenue sources
 - Donation boxes
 - Visitor related income (e.g. seasonal offers)
 - Assessment of income generation costs
 - More creative ways to attract income (e.g. introducing "pay per view" for elements of the public offer such as the animatronic dinosaur etc) and increasing the retail spend per capita.
- Assessment of a structured admission charge to certain elements of the public offer
- Evaluation of potential income generation from new sources
 - New approach to consultancy.
 - Establishment of income generation task force (capturing "moneymaking" ideas submitted by staff)
- Investment in Development. It is accepted that in order to realise the £10 million per year fundraising target, the Museum must invest in the processes to achieve this goal, albeit on a staged basis.

The Director concluded the discussion by outlining the priorities for the Museum as:

- Greater income generation
- Excellent cost management
- Collections storage – the dynamic between onsite, local and further offsite storage
- Circulation and Gallery planning
- Completing the Central Hall and Balconies Programme
- Planning consent for grounds
- Science and Museum consultancy growth
- Learning strategy and capital project
- Programme planning

1508 NHMDT – UTILISING ITS FUNDRAISING ABILITIES (TP 13/31)

The Executive Board is currently working with Development and Fundraising Consultants, CCS, on the structure of a new fundraising campaign, which will reflect the Museum's future positioning, the new Science Strategy and a revised Public Engagement Strategy following the appointment of the Director of Public Engagement, Dr Justin Morris. The campaign readiness has been completed and the resultant case for support will be ready for presentation to Trustees in July. The major fundraising projects will be then defined and presented in September.

The draft campaign structure reflects the five challenges defined in our new Science Strategy and links these to how we will engage with our visitors on-site and via the web. The campaign priorities are:

1. Our origins, evolution and future
2. Understanding and guarding our global biodiversity
3. Protecting our natural resources
4. The digital museum
5. Dynamic visitor experience (onsite)
6. Inspiring burgeoning scientists everywhere
7. Science and society

The NHM Development Trust (NHMDT) Board is almost complete and comprises individuals from a cross-section of backgrounds and sectors. The Museum will engage with the NHMDT in this campaign and will ask it to solicit funds for the specific projects within the overall campaign. Members of NHMDT are also aiding the Museum's fundraising endeavours by setting up networking opportunities in specific sectors (e.g. mining), specimen purchases, event sponsorship and providing general commercial expertise.

Although it was acknowledged that the first priority was to close the fundraising for the Central Hall and Balconies project, the fact remains that the NHMDT Board is eager to start fundraising for other smaller projects with a strong bias towards educational projects. The Board of Trustees was fully supportive of the broad idea that an education-focussed project be submitted to NHMDT for funding, but was conscious that Dr Morris is still framing his plan for the learning offer which, to a large extent, will be informed by how the spending review will impact on the education sector. Reduction in funding to education could mean restricted school visits thus placing more emphasis on our virtual offer. The spending review will also have some impact on the fundraising priorities for the Museum. Therefore, it was agreed that the aim would be to present to the NHMDT in the autumn a fully worked-up education project(s). In the meantime, it was agreed that a list of prospective projects, aligned with the Museum's strategic priorities, would be produced for discussion with individual members of NHMDT to provide the focus for a fundraising dinner.

1509 ANNUAL REPORTS

(i) Annual Health & Safety Report 2012/13 (TP 13/32):

The Board welcomed to the meeting the Head of Health and Safety, Mr Alan Barlow, who presented the Museum's health and safety activities for the period April 2012 to March 2013. Trustees' attention was drawn to the phased replacement of the alarm voice amplifier racks. Mr Barlow explained that the racks are now 10-15 years old and elements of the older systems do not comply with current British Standards and, therefore, are in need of replacement. The cost to replace all six older units (at £40k per rack) at the same time was too prohibitive and so a phased programme had been established to replace two racks per year over a six year period. The Audit and Risk Committee and the Health and Safety Unit had agreed that this was a satisfactory plan for replacement and an acceptable risk.

With the exception of the fire voice alarm system (which is being addressed), Mr Barlow concluded that he is assured that the Museum is compliant with UK health and safety and fire safety requirements.

(ii) Annual Security Report 2012/13 (TP 13/33):

The Board of Trustees noted the report, which had also been presented previously to the Audit and Risk Committee.

(iii) Head of Risk & Assurance's Annual Reassurance to the Accounting Officer and Audit and Risk Committee – 2012/13 (TP 12/34)

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.

(iv) Annual review of Gifts and Hospitality (TP 13/35)

The Board of Trustees noted the annual review of gifts and hospitality (valued over £50), which recorded a nil return for all Trustees in the financial year 2012/13. This will be published on the Museum's internet site.

1510 PUBLIC ENGAGEMENT GROUP

(i) Fourth Quarter Report Update 2012/13: (TP 13/36)

The Board of Trustees noted the report.

The Board of Trustees invited Dr Morris to give his first impressions of the Museum, from a public engagement perspective, since joining in April. On the positive side, Dr Morris was encouraged by the commitment, enthusiasm and expertise of staff and appreciated the very business-like approach adopted by staff in making key decisions. The Museum holds a unique position in that it has a more diverse collection than its peer institutions and thus provides a different public offer. Dr Morris would like to capitalise on this diversity by introducing into the galleries more of the Museum's visually rich and engaging large specimens, together with using the data associated

with the collection to further engage the public. The Museum's income generating activities, such as retail, catering, publishing, also favoured very considerably to other peer institutions.

However, Dr Morris had perceived key weaknesses, which he summarised as:

- *Strategic planning:* The Museum has a lot of on-going activity, but articulating how these all interweave to form a long-term strategy is problematic.
- *Corporate narrative:* The activities of the Public Engagement Group should drive the corporate narrative. To a certain extent it does, but Dr Morris recognises that there is room for improvement. Dr Morris also feels that within the spectrum of holding an influential position, the Museum lacks confidence in voicing its ambition and should perhaps be bolder in stating its position of leadership.
- *Audience:* The Museum is perceived as largely for families, but should it be engaging with a more adult audience?
- *Public spaces:* More investment in the galleries is needed, together with consideration of how specimens are displayed in sympathy to the architecture
- *Visitor Experience:* Overcrowding and circulation in the galleries needs to be resolved.
- *Income Generating Activities:* Increased exploitation of established and new income generating activities is needed.

Dr Morris' reflections will be captured in the Public Engagement Strategy, which he is currently preparing. The outline Strategy will be discussed at the Annual Strategy Day and the final Strategy presented to Trustees for discussion in February 2014.

(ii) Overcrowding in the Galleries: (TP13/37)

The Museum has seen a 70% increase in visitor numbers over the last 9 years with further increases anticipated and desired. The Museum acknowledges that practical, robust and holistic solutions are required to address the significant impact that the increase in numbers has had and will have on the experience of visitors, the management of visitors and the condition of the public spaces and general fabric of the Museum.

One of the major challenges is that some of the more popular galleries are in close proximity to each other and most of these feed into the central spine that is the Central Hall. The existing circulation routes mean that visitors tend to return to the main spine, which puts pressure on the Central Hall at peak times. Some recent interventions have been introduced to address both the issues of circulation and overcrowding, which includes creating another parallel route from east to west in the Central Hall to improve the public footprint and circulation. Other procedures have been put in place to attract visitors to less populated areas by installing interesting specimens. The location of specimens is considered to be an important factor in the long-term planning of galleries where the strategic placement of displays can be exploited to attract visitor footfall to less popular areas thus improving circulation around the Museum. The Gallery Development Plan will consider various options.

Other short-term measures have been introduced including: (1) improving the Red/Green Zone link between the Earth Galleries and Waterhouse Building; (2) the Darwin Centre Enhancement Project, which aims to increase visitor numbers to the Darwin Centre and (3) using the Darwin Centre as a third entrance during busy times. Interventions to queue management have also been made by managing visitor expectations through messaging on social media and providing more informative signage. In this context, Professor Gilligan said that a clear map would be welcome as would an organogram indicating departmental structure. Dr Morris confirmed that wayfinding will be undertaken in the context of planning public spaces and the aim is to develop something that can be used across the Museum.

A circulation study has been commissioned to look at the longer-term issue of circulation focussing on both the internal and external visitor and staff circulation within the public spaces of the Museum including solutions for resolving the Dinosaur gallery queue on peak days. The feasibility study will be completed in August 2013.

1511 CORPORATE SERVICES GROUP

(i) Financial Review for the Period April 2012 to March 2013: (TP 13/38)

The Board of Trustees noted the report with the caveat that the Museum needs to develop a way of providing better forecasting at the end of the year and in this respect the Director of Finance & Corporate Services are requested to encourage budget holders to have a corporate sense of responsibility and ensure the accurate forecasting of outturn expenditure in the third quarter of the financial year.

A new clearer method of presenting financial information will be piloted in July.

- (ii) Minutes from Estates and Buildings Advisory Committee: (TP 13/39)

The Board of Trustees noted the minutes and the comment made its Chair, Mr Ian Henderson.

1512 SCIENCE GROUP

- (i) Fourth Quarter Report Update 2012/13: (TP 13/40)

Professor Owens highlighted the following items from the Science Update:

Individual Merit Promotions: The Board noted that Professor Christopher Stringer had been promoted to IMP Level 1 equivalent to a university senior professorial status. The appointment to this level is very rare and it is the first time the Museum has had a promotion of this kind.

Appointments: Professor Owens reported on the appointments that had been made in Science.

Earth Science Centre: Following the completion of the initial phase of a review current collection conditions and long-term collection requirements, the priorities for the next phase of analysis have been set. These include the creation of an Earth Science Centre that would combine collection facilities, a modern working environment, public and an accessible entrance from Exhibition Road onto the principal floor.

NERC Doctoral Training Partnerships: The NHM is a co-applicant on four applications (out of 12 nationwide projects).

Science Review: The Science Review has now gone to press.

1513 AUDIT & RISK COMMITTEE REPORT:

The Chair of the Audit and Risk Committee, Sir David Omand, had nothing to report.

1514 NHM DT UPDATE

Mr Daniel Alexander, member of the NHMDT, had nothing to report. All important issues had been discussed earlier in the meeting (Item 1508).

1515 AGENDA ITEMS FOR FUTURE BOARD MEETINGS (TP 13/41)

The rolling agenda for future meetings was noted.

1516 EVENTS DIARY (TP 13/42)

The Events Diary was noted.

1517 ANY OTHER BUSINESS

No other business

1518 DATES OF NEXT MEETINGS

2013:

- 2 July 2013 (evening: Annual Staff Summer Party)
- 1 October 2013(Annual Trustees' Strategy Day)
- 19 November 2013

2014:

- 25 February 2014
- 20 May 2014 (Annual Trustees Dinner – PLEASE note the date of the Dinner is subject to change)
- 1 July 2014 (evening: Annual Staff Summer Party)
- 30 September 2014 (Annual Trustees' Strategy Day)
- 18 November 2014

Miles Stocken
