

THE NATURAL HISTORY MUSEUM

AT A MEETING ON

THURSDAY 11 NOVEMBER, 2004

AT 10.00 A.M.

AT THE NATURAL HISTORY MUSEUM

Present

TRUSTEES

Professor Sir Keith O'Nions FRS (in the Chair)

Professor Michael Hassell CBE FRS

Professor Christopher Leaver CBE FRS

Professor Georgina Mace OBE FRS

Dame Judith Mayhew Jonas

Professor Linda Partridge CBE FRS FRSE

Mr Oliver Stocken

Sir Richard Sykes FRS

Dr Michael Dixon

Ms Milly Rosier (Secretary to the Board)

Ms Anna Cuss (Minutes)

Ms Sharon Ament, Mr Neil Greenwood, Ms Sue Kidd, Dr Richard Lane and Ms Teresa Wild were in attendance. Mr David Thorpe (Head of Internal Audit and Assurance) was in attendance for paper TP 04/35.

830 Closed session

There was a confidential discussion.

Open session

The Chairman welcomed Ms Kidd and Ms Wild to the meeting, both of whom were acting Directors at present.

831 APOLOGIES FOR ABSENCE

Apologies for absence were received from Sir William Castell, Professor Dianne Edwards, and Professor Jacquie McGlade. Trustees noted that, although he was unable to attend, it would have been Lord Palumbo's final meeting as a Trustee, since he would stand down at the end of the year. They therefore recorded formally their gratitude to Lord Palumbo for his contribution as a member of the Board over the past ten years, in particular for his assistance with Darwin Centre Phases One and Two, not least in raising funds to make these projects, and other developments within the Museum, possible. There would be an opportunity to say farewell to Lord Palumbo at the Trustees' Annual Dinner in March 2005.

832 DECLARATIONS OF INTEREST

The Chairman informed Trustees that they had, at a previous meeting, agreed to modify procedures for handling conflicts of interests and to publish the register of interests on the Museum's website, in response to enquiries from the Permanent Secretary at DCMS.

Henceforth, this standing item on the agenda would permit board members to highlight any conflicts, whether pecuniary or non-pecuniary and act according to stated guidelines.

833 MINUTES OF THE MEETING OF 27 JULY 2004

The minutes of the meeting of the Trustees held on 27 July 2004 were confirmed and signed.

834 MATTERS ARISING FROM THE MEETING OF 27 JULY 2004

- Darwin Centre Phase Two (TM 27 July: 807)
The issues raised at the meeting were addressed at the extraordinary meeting on 30 September and others would be addressed further by the Director's vision for the Museum and the Review of Corporate Governance.
- Update on Health and Safety (TM 27 July: 810)
The Director updated Trustees on progress in a number of areas including compliance with the British Standard, steps being taken to stabilise and manage the existing voice alarm and fire alarm systems and plans in train to re-start the fire precautions programme which had been temporarily suspended in 1999.

Professor Leaver asked whether there were any financial implications for programmes such as these given the need to part-fund directly Darwin Centre Phase Two. Mr Greenwood confirmed that the current year's budget process was now in train with a view to providing a balanced budget for the February meeting. The implications would be considered as part of that process.

- Human Remains (TM 27 July: 815)

Dr Lane reported that the Museum's response to the DCMS consultation on the Report of the Working Group on Human Remains (the 'Palmer Report') published in November 2003, of which the former Director, Sir Neil Chalmers had been a member, had been submitted on 5 November. The response had been generally supportive of Sir Neil's dissenting view, which had been presented as an addendum to the Report. In particular, the Museum opposed the establishment of a national Human Remains Advisory Panel and favoured instead a Museum-based advisory board to which individual cases would be referred, with a final decision being made by Trustees. Professor Sir Bob Hepple QC, former Master of Clare College and current Chairman of the Nuffield Council on Bioethics had agreed to chair a group to review how the Museum might establish such an advisory board.

A full presentation on the Museum's ethical framework and position on human remains would be given on 3 February, to tie in with the timescale allocated to the Human Tissue Bill.

835 MINUTES OF THE MEETING OF 30 SEPTEMBER 2004

The minutes of the meeting of the Trustees held on 30 September 2004 were confirmed and signed.

836 MATTERS ARISING FROM MEETING OF 30 SEPTEMBER 2004

Any matters arising were dealt with elsewhere on the agenda.

837 CHAIRMAN'S REPORT

Report of the Independent Group

The report of the Independent Group commissioned by Trustees to look into the handling of investigations of the management of Estates contracts at the Museum had been finalised, and copies were tabled. The Chairman recorded thanks to Oliver Stocken, Sir William Castell and Susanna Taverne for generously contributing their time to sit on the independent group. Two presentations on the report had been given to the Museum's staff, one of which had been attended by Ms Taverne, focusing on the lessons learned and actions to be taken. The final report would now be signed off by the group members.

Appointment of a new Trustee

(This section to be kept confidential indefinitely)

838 DIRECTOR'S REPORT

The Director reported on the following subjects:

- i) **SR2004 & Funding Agreement 2005-2008.** There were indications that a settlement of around 2.7% would be forthcoming. The announcement for 2006-07 would be made later in November, followed by 2007-08 in January. An initial meeting to determine the new Funding Agreement would also take place in January, though it was known that there would be a new target for visitors over the age of 16 from 'priority groups' and that some capital funds were likely to be available over the spending period.
- ii) **Efficiency Review.** The Museum's Delivery Plan had been submitted to DCMS on 27 September and had been well received. The Director (the only representative from the museums and galleries sector) had been invited to sit on the DCMS Efficiency Review Steering Group.
- iii) **OST Review.** The Office of Science and Technology Review of science at DCMS, the first of a series of reviews of Whitehall departments, had been published on 14 October. There were a number of issues raised in the report that were of key significance for the Museum, particularly the proposal that DCMS recognise 'hard' as well as social science in its work, and that a part-time Chief Scientific Adviser be appointed to lead on matters pertaining to science.

Trustees recognised that the Museum could play an important role in assisting DCMS with these and other recommendations, but acknowledged that the current system of assuring the quality of the Museum's scientific activities, namely by a Board comprising a high percentage of eminent scientists, worked very well. There would need to be sufficient clarity between the responsibilities of the Board and of the new Scientific Adviser in order to maintain this high standard of assurance. Trustees agreed that this should form part of the discussion on corporate governance later in the agenda.

- iv) **Public events.** The Annual Public Open Meeting had taken place on 28 October. Whilst the Museum had met its statutory duty by holding the meeting, it was intended to review the event for future years in order to obtain maximum return, perhaps by combining it with another public event.

The Annual Science Lecture, entitled *95% Chimp - The Genes That Make Us Human*, would be delivered by Dr Armand Marie Leroi, Reader in Evolutionary Developmental Biology at Imperial College, on 15 November.

- v) **Pay Award.** Since a pay deal had now been recommended, arrangements would be made for the Remuneration Committee to meet and agree senior salaries.
- vi) **PCS Strike.** There had been a strike by members of the Public and Commercial Services Union (PCS) on 5 November. Of the 168 members in the Museum, 45 had chosen to strike on the day. Whilst the Natural History Museum had remained open for business, both the Science Museum and British Museum had chosen to close.
- vii) **Special exhibitions.** *Wildlife Photographer of the Year* had opened to the public on 23 October and received an impressive 9,000 visitors in its first four days, 10% of the total visitors for 2003. Trustees would have the opportunity to view the exhibition after the meeting.

Ms Ament gave a verbal update on plans for the *Diamonds* exhibition, which was due to run from July 2005 to February 2006. This was the first of a series of larger, higher investment exhibitions which the Museum aimed to stage over coming years and would benefit from a specially tailored learning programme and the introduction of late night openings and associated public events. Ms Ament confirmed that security arrangements were of primary concern and that the Museum was working with external advisors, as well as DCMS, to ensure that the arrangements were of the highest standard.

viii) **Belize Field Station.** Dr Lane reported that the Belize Field Station had been formally handed over to the Forest Department on 1 November, following Trustees' decision to withdraw ownership at their meeting in November 2003. With effect from 5 November, the station was now managed by a new consortium - Maya Forest Enterprises, the Royal Botanic Gardens Edinburgh, and the Conservation Management Institute from Virginia Technical University. The Chief Forest Officer had now signed the 'Termination of Memorandum of Understanding', releasing the NHM from future liabilities related to the Station.

839 DIRECTOR'S VISION FOR THE MUSEUM (TP 04/33)

The Director gave a presentation on his first impressions and initial vision for the Museum, including a proposal for a revised structure for the senior management team, Directors' Group.

After discussion, Trustees agreed the proposed new structure for Directors' Group and asked to receive a copy of the presentation for reference purposes.

840 CORPORATE GOVERNANCE AT THE MUSEUM (TP 04/34)

The Director introduced paper TP 04/34 which had been prepared in response to a request from Trustees at their July meeting that a governance review be conducted to address both long term issues and issues of compliance with current best practice. In undertaking the review, several members of the Board had been consulted, as had key Government guidance documents on good practice. In addition, case studies were made of two organisations, one in the private sector (Marks & Spencer) and one in the public sector (British Museum).

Trustees agreed a number of recommendations including a formal induction programme and training for new Trustees; a formal performance assessment process for the board, the establishment of a Nominations Committee for appointing new Trustees, and the establishment of a time-limited Darwin Centre Phase Two Committee for the lifetime of the project. A draft governance principles document will be brought to the Board for consideration once final recommendations with regard to corporate governance have been agreed.

In addition, Trustees acknowledged that there were some more fundamental issues that merited further discussion in advance of the February meeting. The role of the Board needed to be clarified in terms of its responsibilities, its compliance with legal requirements and its interface with the Museum's management, of which the proposal to merge the Finance Committee and Audit Committee was an example. Earlier points relating to the recommendations from the OST Review of science at DCMS and the way that the Board reviewed scientific activities should also feed into this broader discussion.

Trustees agreed, therefore, that an extraordinary meeting be convened before 3 February.

841 MANAGEMENT RESPONSE TO PRICEWATERHOUSECOOPERS REPORT (TP 04/35)

Mr Thorpe presented paper TP 04/35, which recorded the actions necessary to implement the recommendations made by PricewaterhouseCoopers (PwC) in their March 2004 report on procurement policies and practices at the Museum. Progress was being monitored via Appendix 1, which scheduled actions being taken and to be taken, responsibilities for them and expected time of completion. Appendix 2 detailed recommendations arising from the PwC testing of the Museum's supplier and transaction files, which were being handled by the Director of Finance. Immediate action focused on improvements to a number of key areas, namely culture and practices within the Estates section, the procurement process, fraud awareness, and implementation of Audit & Assurance recommendations.

Trustees noted the progress that was being made and commended the action that was being taken to address the recommendations. Whilst this was an excellent start, Trustees stressed that the process must be concluded in order to obtain the maximum value from the exercise. They requested a further update in due course.

In addition, Trustees agreed that the management response should be communicated to the Department for Culture, Media and Sport (together with Appendix 1), with the offer of a further update in 2005.

842 VISITING GROUPS 2005 (TP 04/36)

Trustees were reminded by Dr Lane that they had approved the instigation of a new round of visits to departments as part of the Science Vision paper presented to them in February 2004. Paper TP 04/36 proposed that the Department of Palaeontology should be the subject of the 2005 Visiting Group. Trustees endorsed the proposal, but asked that the terms of reference clarify the intention to examine both past performance and future plans. They further recommended that Professor Edwards be appointed chair and agreed that the proposals for members were appropriate.

843 FINANCE COMMITTEE REPORT

Mr Stocken, as Chairman of Finance Committee, reported on the meeting held on 26 October. The meeting had focused on three areas - the improvement to the General Surplus forecast; the process by which science income was generated; and progress on plans to realise the Museum's direct contribution to the funding of Darwin Centre Phase Two. Mr Stocken emphasised that the Finance Committee would continue to monitor this latter point very closely to ensure a successful outcome.

844 AUDIT COMMITTEE REPORT

Sir Richard Sykes, as Chairman of the Audit Committee, reported on the meeting held that morning. In addition to a pre-discussion of papers TP 04/34 and 35, the Committee had received the Head of Internal Audit & Assurance's progress report and the NAO management letter 2003/04. The management letter highlighted two areas requiring improvement, namely the need for formal contracts for shared services and for fully compliant accounting for scientific grants received. These issues were receiving attention.

845 REPORT ON MUSEUM ACTIVITIES (TP 04/37)

Trustees noted the report on the Museum's recent activities.

846 PERFORMANCE INFORMATION (TP 04/38)

Trustees noted the performance information report.

847 ANY OTHER BUSINESS

There was none.

848 DATE OF NEXT MEETING

Thursday 3 February 2005 at 1000 at The Natural History Museum.