

No 264

THE NATURAL HISTORY MUSEUM

AT A MEETING ON

TUESDAY 19 MAY 2020

AT 09.00 A.M.

TEAMS VIRTUAL MEETING

Present

TRUSTEES

Lord Green of Hurstpierpoint (Chair)
Professor Sir John Beddington CMG FRS
Harris Bokhari OBE
Dame Frances Cairncross DBE FRSE
Hilary Newiss
Professor Yadvinder Malhi FRS
Robert Noel
Simon Patterson
Professor Sir Stephen Sparks CMG CBE FRS
Professor Dame Janet Thornton DBE FRS
Dr Kim L Winser OBE

In Attendance

Sir Michael Dixon (Director)
Neil Greenwood (Executive Director of Finance and Corporate Services)
Dr Tim Littlewood (Executive Director of Science)
Fiona McWilliams (Executive Director of Development and Communications)
Clare Matterson CBE (Executive Director of Engagement)
Bethan Parry (Directorate Chief of Staff)
Frances Allen (Board Secretary)

Alex Burch (AB), Head of Public Programmes – for item 9
Adam Farrar (AF), Head of Marketing and Visitor Experience – for item 9

Preliminary

2159 APOLOGIES FOR ABSENCE

The Chair welcomed two new Trustees – Mr Harris Bokhari OBE and Professor Yadvinder Malhi FRS - who had been appointed to the Board for a four-year term by the Prime Minister (commencing from 13 April 2020 to 12 April 2024). The Board will greatly benefit from Mr Bokhari and Professor Malhi's invaluable expertise and experience. The Chair also welcomed Bethan Parry who had joined the Museum's Directorate as Chief of Staff.

2160 DECLARATIONS OF INTEREST AND REGISTER OF INTERESTS (TP 20/16)

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

2161 MINUTES OF THE MEETING HELD ON 18 FEBRUARY 2020

The Minutes of the meeting of the Trustees held on 18 February 2020 were confirmed as a true record and signed by the Chair.

2162 MINUTES OF THE EXTRAORDINARY MEETING HELD ON 2 APRIL 2020

The Minutes of the extraordinary meeting of the Trustees held on 2 April 2020 were confirmed as a true record and signed by the Chair

2163 MATTERS ARISING FROM THE MEETING HELD ON 18 FEBRUARY 2020 (TP 20/17)

All matters arising were covered on the agenda.

Corporate items:

2164 CHAIRMAN'S REPORT

The Chair asked the Board to second and agree the motion to reappoint Dame Frances Cairncross for a second term as a Trustee of the Board from 1 April 2020 to 31 March 2024. The Trustees unanimously agreed to the proposal.

The Chair confirmed that the appointment of the new Director is nearing completion and an announcement will be made in due course.

2165 DIRECTOR'S REPORT (TP 20/18)

Management response to the external review of Board: The Board reviewed the Management Response to the Board Review which confirmed that a series of actions will be developed by the Director and the Chief of Staff so as to provide the incoming Director with the knowledge and reassurance that a review has been completed and improvements have been enacted and/or are underway. The review will include scrutiny of the Board's advisory committees and their structure to ensure that they meet the needs of the Board and to explore whether any improvements can be made to enhance their role.

The Board was supportive about the review's focus on embedding cross-organisational working into the governance structure (rather than being restricted by departmental boundaries). Trustees agreed that banking lessons learned from this unprecedented closure period and opportunities for enhanced future-working would also be important, as well as triangulating with key areas coming from the staff survey around knowledge sharing, collaborative working and decision making.

2019 Employee Engagement Survey: The Director explained that the normal NHM response and timeline to staff survey results had been affected by the Covid-19 situation, but ahead of closure there had been some useful workshops on key areas identified. A particular area of concern was bullying and harassment, with recognition that the Museum's increase in performance management will have also affected results in this area. The new Director of HR will be focusing on this area at policy and individual case level, as well as building on the work so far.

Impact of the Global Covid-19 pandemic: Despite the challenges presented by the Covid-19 pandemic, the Museum should not lose sight of the outstanding achievements of the year which ended on 31 March 2020, including record visitations (to the point that the impact of Covid-19 was felt) and reach, and the government's award of £180m to support the creation of new Collections and Digitisation Centre at Harwell.

2166 FINANCIAL REVIEW FOR THE PERIOD APRIL 2019 – MARCH 2020 (TP 20/20)

Neil Greenwood (Executive Director of Finance and Corporate Services) presented the provisional outturn for the financial year 2019/20, which reflected the significant negative impact of Covid-19 on all visitor-related income streams and venue hire post the closure of the Museum.

In discussing the upcoming Annual Report and Accounts the Board noted that outstanding debtor payments had been discussed at the recent Audit and Risk Committee meeting and this was an area of focus for the external auditors, as income should only be recognised in the accounts if receipt was certain. Therefore, a decision on how much is provided for (in terms of unreceived sums) should be made before the accounts are signed off.

Since closure of the Museum, activity had been focused on enhancing the digital offer to reach out to the widest audience possible. This activity had attracted a strong following with international growth (particularly in the US) and as part of the UN International Day for Biodiversity, a package of content and programme of activity had been developed with the UK Embassy in China to reach 5 million people across China. Other exciting developments include new live online shows for members of the public, members and patrons and the activation of "Hive" – a new digital hub for NHM supporters

Items for discussion:

2167 SCENARIO PLANNING

Alex Burch (Head of Public Programmes) and Adam Farrar (Head of Marketing and Visitor Experience) presented the planning scenario for the recovery of visitors and commercial activity once the Museum reopens. Clare Matterson (Executive Director of Engagement) explained that a successful recovery programme will be founded on winning the battle for audiences and providing confidence that the NHM is an organisation that acts responsibly by keeping its visitors safe. This will be echoed by providing a world-class welcome, and a thoughtful, caring and creative experience for our visitors on site and online. In developing the scenario it had been important to gain a contextual understanding of the external landscape, visitor profile and their expectations and preferences to inform the plan for the best recovery programme that stayed true to the tenet of the Museum's *Strategy to 2020*.

In the near past the majority of visitors were from overseas (70% last year) and this number is predicted to fall sharply due to the travel restrictions imposed by the pandemic, which are expected to be in place for some time. To counteract this, the recovery programme had to include elements that would be attractive to a national audience. However, audience insight work has consistently indicated that London/SE audiences perceive the NHM as having an unchanging offer and only visit when there is a temporary event or exhibition. This highlighted the need for an outstanding public programme and the introduction of marketable moments to win back this audience (notwithstanding the competition in the London marketplace). The green economy (advancing to a net zero economy) will also play a part in the recovery by providing the opportunity for people to engage with nature in finding ways to recover. To meet this need, the three-year public programme had been simplified and developed to drive visitation, support income generation and build reputation. The first exhibitions will in October 2020 and in 2021 the focus will be on the Anthropocene to capitalise on the increased interest in natural world.

Adam Farrar (Head of Marketing and Visitor Experience) outlined the financial scenario for visitor recovery over the next three years based on the Public Programme and the commitment to actively market to domestic audiences. The projections assumed a reopening date of 1 August 2020 and entry will be via pre-booked (online) timed tickets. The plan for reopening will be phased and the onsite capacity much reduced to accommodate social distancing measures. In these unprecedented times more creative ways of undertaking business are being developed, including an improved online retail offer and the potential to introduce some social distancing premium experiences is being reviewed. A new platform for online ticket sales will shortly go live, which will allow the NHM to exploit Gift Aid donations.

Discussion:

Trustees recommended exploration of a more pessimistic scenario based on longer-term Museum closure, due to the significant risk that a change in infection rates will lead to a reinstatement of lockdown measures. The latest intelligence from government is that museums will be in the third tranche of "unlocking", but pressure will not be placed on museums/galleries to open on a particular date, as it is recognised that all are different and have different constraints imposed by their physical layout and collections. A coordinated approach is being kept under constant review by the work of the Museum Activation Planning group.

The protection of Museum staff who interact with the public is paramount, both for physical and mental/emotional reasons. This is particularly important for the Museum's BAME colleagues who may be more vulnerable to Covid-19 infection (borne out by recent research). Staff with health issues should not occupy "front line" roles or be asked to work in spaces that could be detrimental to their mental wellbeing.

2168 FINANCIAL FORECAST AND PLAN FOR 2020-21 (TP 20/21)

The paper presented by the Director built on the scenario planning already outlined to the Board. It projected forward to the end of FY2020/21 and included a quarterly income and expenditure statement reflecting new income forecasts and originally budgeted expenditure to demonstrate the impact of lost income on the NHM's finances relative to the original budget for the year (approved by Trustees in November 2019).

The Covid-19 crisis has created a major challenge to the management and governance of the NHM and highlights the inherent problems that the Museum, as an income generating ALB, has with its current operating model when commercial income is halted. The Director explained that the big reduction in government funding arising from the austerity period (circa 30% in real terms) had changed the business model – the net result being that the Museum funds a higher proportion of operational expenditure and has had to grow income generating activities to offset reduced grant-in-aid funding. This model also does not anticipate the complete collapse due to business areas closing nor a reduced resource of 48% of staff being on furlough leave of absence.

As a result, the Museum has had to build a plausible base case scenario upon which to build a new forward plan based on the assumption that the Museum will reopen to the public on 1 August 2020. Thereafter the recovery of each commercial business is built up from a series of carefully thought through assumptions, using the best evidence available for each decision made. The Director also outlined the impact of various measures designed to mitigate the Museum's losses notwithstanding the consequence of cutting areas of business would harm recovery.

The Director concluded that the overall position for the Museum remains likely to be sufficiently serious to require DCMS intervention as soon as possible either in this year, so that more strategic rather than immediate tactical decisions can be implemented, or in the upcoming spending review. The Board agreed that a robust conversation with DCMS is required to highlight the Museum's plight in the context of the Covid-19 and the current business model. It was agreed that a meeting involving the Chair, the Head of the Audit and Risk Committee and the Director will be convened to discuss how to engage with government to reinforce this urgent and critical issue. This may take the form of joining with other museums to develop a coordinated approach to lobby government.

The Board concluded that the presentation was a good analysis of the short-term position but urged the Executive to also consider a longer-term scenario. Whilst the proposed mitigating measures demonstrate that the Museum is doing everything it can reasonably do to minimise losses, preserve jobs and maintain public benefit, representation to government needs to be made for longer-term support. This is made more urgent by the anticipated size of the structural deficit the Museum is facing this year. In parallel, major museums are facing questions from the external audit process as to whether they can be regarded as a "going concern" and will be able to sign-off unqualified accounts. In this context, assurance from government that appropriate financial support will be provided to maintain solvency is required. This is part of an on-going discussion between DCMS, the NAO and Treasury, but this needs to be resolved as the decision will impact on the timetable for the laying of accounts.

2169 MUSEUM ACTIVATION PROGRAMME UPDATE (TP 20/22)

The Museum Activation Programme (MAP), chaired by Neil Greenwood, has been established to lead on the coordination and planning for the reactivation of museum operations across all its core activities, including the return of staff to NHM and the public reopening. Trustees noted the paper, which describes MAP's approach, priorities and next steps.

2170 URBAN NATURE PROJECT UPDATE (TP 20/23)

The overall programme, timetable and milestones have been reviewed in the context of Covid-19 and key adjustments have been made accordingly. The project continues its momentum and the Museum launched the public planning consultation on 8 April 2020, which achieved broad and deep engagement with stakeholders and local residents both online and via webinar meetings. Upon the closure of the consultation phase on 26 April, the Museum reviewed and conveyed the feedback to the design team in order for adjustments to be made to the design ahead of the next pre-application meeting on 6th May.

The Board was asked to endorse the change of scope and budget to include the incorporation of the Gardens Café Building (a café/venue space) in the eastern gardens. The structure will be integrated into the design and a single planning application will be submitted for the entire scheme. The Board noted that a business case will be developed for the Garden Café Building to ensure that it will be viable and to allow for separate funding streams to be applied for.

Trustees approved the increase in the scope of the project to include the Garden Building and as a result, the associated adjustment to the budget for the programme.

2171 COLLECTIONS PROGRAMME UPDATE (TP 20/24)

The Government announced in the Budget on 11 March that it would fully fund the NHM bid of £180m for development of a Science and Digitisation Centre at Harwell, to be developed over 6 years. Dr Tim Littlewood (Executive Director of Science) confirmed that the development of an outline business case will prime important decision-making processes on determining collections moves and it is anticipated that by the end of the calendar year 2-3 scenarios will emerge to inform this decision. It was noted that the extent of the relationship with the Harwell team, in terms of design and procurement and intellectual property ownership, may restrict any future options that may develop with alternative locations or designs.

The Chair reflected that this important project is a core part of the Museum's strategic future and will be very transformative for the NHM. The Board expressed its thanks to Kathryn Packer (Programme Director) for her hard work and tenacity in getting government to support this project.

2172 AUDIENCE UPDATE (TP 20/25)

Clare Matterson (Executive Director of Engagement) presented an update of the public programme, highlighting the following:

The Digital Museum: Since lockdown, the Museum has developed a 'Digital Museum' strategy to engage the widest possible audience and to create a resilient and sustainable organisation. A new Virtual Museum section highlights how the public can continue to connect with us through online events, tours and galleries

WPY: The Awards Ceremony (which takes place in October) is a key moment in the Museum's year for the photographers, key stakeholders and supporters. Given the uncertainties about social distancing, the Development and Engagement directorates are exploring ways to create a different and exciting online event to reach a global audience with a possible collaboration with a media partner to get maximum coverage of the awards.

Dippy on Tour: The aim is to extend the stay in Rochdale until the end of 2020 thereafter he will move to Norwich.

Annual Reports for noting:

The Board of Trustees noted that all reports specified below that have been submitted and approved by the Audit and Risk Committee at the meeting on 5 May 2020.

2173 HEAD OF RISK & ASSURANCE – ANNUAL ASSURANCE TO THE ACCOUNTING OFFICER AND AUDIT AND RISK COMMITTEE (TP 20/26)

Noted

2174 ANNUAL REVIEW OF GIFTS AND HOSPITALITY 2019/20 (TP 20/27)

Noted

2175 HEALTH AND SAFETY ANNUAL REPORT 2019/20 (TP 20/28)

Noted

2176 ANNUAL SECURITY REPORT 2019/20 (TP 20/29)

Noted

Regular Updates:

Committee reports:

The Board noted that the Development Advisory and Commercial Advisory committees had not had any formal meetings, but work had been taking place behind the scenes. A future schedule of meetings will be agreed.

2177 REPORT FROM THE PROPERTY COMMITTEE MEETING HELD ON 29 APRIL 2020 (TP 20/30)

Mr Robert Noel (Chair of the Property Committee) informed the Board that the April meeting had focussed on a number of key areas including an update on the Public Spaces Development Programme, which had now established terms of reference etc. The next step would be to assess the condition of the museum spaces and collections; however, the programme has been delayed due to the Museum closure.

2178 REPORT FROM THE SCIENCE ADVISORY COMMITTEE MEETING HELD ON 6 MAY 2020 (TP 20/31)

The meeting had primarily focussed on the Collections Programme and the Science Plan. The decision had been taken to reduce the size of the Committee and refresh the membership, as well as agreeing to meet three times per year (instead of four). Ad hoc expertise will be invited to contribute to discussion as required.

2179 REPORT FROM THE AUDIT AND RISK COMMITTEE MEETING HELD ON 5 MAY 2020 (TP 20/32)

Hilary Newiss (Chair of the Audit and Risk Committee) provided an update on the May meeting. The Director had been concerned that the Museum's risk Management process had not anticipated Covid-19 pandemic and the subsequent closure of the Museum. A discussion ensued about whether lessons could be learned from the Covid-19 crisis in relation to the Museum's processes for considering and managing risk. It was unanimously agreed that this is a risk that could not have been foreseen and it was unreasonable to expect any risk management system to plan for low probability high impact extreme events which occurred once in one hundred years. The risk management system used by the Museum was, substantial, effective and did not require fundamental adjustment.

2180 ANY OTHER BUSINESS

None.

2181 AGENDA ITEMS FOR FUTURE BOARD MEETINGS (TP 20/33)

The rolling agenda for future meetings was noted.

2182 DATES OF NEXT MEETINGS

2020:

- 7 July 2020
- 15 September (Annual Trustees' Strategy Day)
- 17 November

2021:

- 16 February
- 18 May
- June (date to be determined): Annual Trustees' Dinner
- 6 July (Annual Staff Summer party in the evening)
- 22 September (Annual Trustees' Strategy Day)
- 23 November



CLOSED SESSION

The meeting was followed by a closed session of the Board, which was not minuted.