

TRUSTEES' AUDIT AND RISK COMMITTEE

Meeting No 108

Paper No 1b

THE NATURAL HISTORY MUSEUM

AT A MEETING

ON 13 MAY 2025

AT 02.00 P.M.

Present

Shahpur Kabraji (Chair)
Lord Tony Hall (Chair of the Board of Trustees)
Robert Noel (Trustee)
Colin Hudson (Independent member)

In Attendance

Dr Douglas Gurr (Director)
Helen Whitehouse (Chief Operating Officer)
Siobhán Tighe (Chief Financial Officer)
Melissa Clifford-Turner (Head of Finance)
Melanie Cockton (Audit Director, KCG) (for items 4 and 9)
Julia Evans (Innovation Programme Manager) (for item 5)
Harry Rousham (Head of Innovation Unit) (for item 5)
Dr Sarah Long (Head of Registry) (for item 9)
James Downs (Head of Security) (for item 10)
Chris Sleep (Information Security Manager) (for item 10)
Esme Chapman (Data Protection Officer) (for item 10)
Rich Hinton (Chief Information Officer) (for item 10)
Eleanor Pirie (Head of Health & Safety) (for item 11)

External representatives

Martin Burgess (Director, DCMS audit, National Audit Office)
Shannon Holmes (Audit Manager, National Audit Office) (online)
Anita Raj (Head of Finance Business Partners - Culture & Media, DCMS) (online)

Secretariat

Rosalind Glass (Chief of Staff)

Apologies

Luke Fairless (Independent member)
Professor Dame Jane Francis DBE FRS via Teams (Trustee)
David Jones (Senior Manager, KCG)

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MEMBERS' REGISTER OF INTERESTS (PN1c)

Declarations of Interest and changes to the Register of Interests were made and recorded by the Secretariat.

MINUTES OF THE MEETING HELD ON 11 FEBRUARY 2025 (PN1a) AND MATTERS ARISING (PN1b)

The minutes of the meeting of the Committee held on 11 February 2025 were confirmed as a true record and signed off by the Chair.

All matters arising were noted as completed or scheduled for a later date.

2 DIRECTOR'S REPORT (PN2)

The Director updated the group on major strategic risks since the last meeting as part of the Q4 Operating Plan Quarterly Review.

Key business items since the last meeting were summarised, including increased likelihood of a physical security risk, reduced likelihood of external scrutiny, reduced impact of NHM business model and ongoing negotiations on the Urban Nature Project (UNP) disputed contract sums. Committee members were keen to understand progress on final contract negotiation on UNP; this was not yet complete but very close with further negotiations happening the same week, following the meeting.

The committee queried the physical security risk matter which would be addressed later in the meeting under Annual Security Report.

A question on leaks in the palaeontology building (a result of works in that area) would be addressed in the Annual Collections Report item later in the meeting.

The committee were keen to understand how Strategic Risks would be presented for meetings going forward. This question would be answered in item 8 of the meeting.

3 CHIEF FINANCIAL OFFICER'S REPORT (PN3)

The Chief Financial Officer (ST) gave an overview of the final FY24/25 position (subject to final audit review) versus 23/24 actuals and the original budget. This showed a better surplus position than forecast due to additional income via rates rebate and Grant in Aid from DCMS which was brought forward to 24/25. Detailed P12 reports were taken as read.

The committee had a question on variation of self-generated income over the two years. This was explained by the volatile nature of special exhibitions which can perform differently. The cost profile for future exhibitions can also realise differently in each year, due to the policy of recognising cost as they are incurred. This approach is something that ST and team would like to explore changing so will review and report back. ST reported a new organisation wide review of staffing and costs in a bid to understand how to realise future potential savings. HW noted that there was no further update on the future possible rates rebates, we were awaiting judgement from a related legal challenge but more broadly the situation (and timing for appeals) was unclear. The VOA was running an opaque process which had been discussed between some of the National Museums and HMT officials.

ST presented some proposed updates to the budget for FY25/26. The committee requested that information to understand net reserves be added to the papers for future (action for CFO). ST confirmed that museum investment is trending as forecast and that the target for free reserves would always be noted in the accounts.

The committee were keen to understand more on the cash forecast. ST explained the team were working to an objective of managing capital spend in a bid to ensure cash was available going forward.

ST reminded the committee that the updated Investment Policy would be presented to the committee for approval at a future meeting.

4 INTERNAL AUDIT SUMMARY FINDINGS (PN4)

The Chief Operating Officer (HW) gave an update on actions from the independent review of internal audit at the museum; following the review the museum had looked at several options for the future function of internal audit and taken the decision to outsource it. That decision had just been implemented and KCG Audit had been appointed for FY25/26. The committee were interested to know how the new format compared to peer museums. HW confirmed only one peer museum had an internal audit in house function currently, but they are also looking at alternative models.

HW introduced Melanie Cockton (MC), Audit Director for KCG. MC presented on two NHM audits: Risk Management and Cyber Security. MC explained how audits were formatted by KCG, gave a summary of both audits and presented key highlights from each.

The committee queried why museum management may not understand key risks, which was a finding in the Risk Management audit. The Director challenged this, considering Key Strategic Risks are a core part of the museum's Operating Plan, which was reviewed over a whole day by senior business owners every quarter, and at every monthly meeting of the museum's Management Board.

The Director and Committee members requested a balanced and measured approach on risk management at the museum, to ensure focus was kept on areas that would have an impact in a crisis scenario. The group discussed whether a risk appetite was required for the museum, considering the nature of its business. All agreed it should only be used if it could practically change decisions made in this area.

The group were keen to understand where risk management would sit within the organisation going forward; this was confirmed as between the Head of Strategic planning and the Chief Operating Officer.

The Chief Operating Officer confirmed that the review of risk management would be balanced and measured as the management response sets out. The Risk Management policy would be reviewed and presented to the committee for approval at the next meeting. The use of risk registers at departmental level were also being reviewed from a consistency perspective. KCG were advising on how the strategic risk register could be more high level to encompass and merge certain risk areas such as capital projects and to pull the key strategic risks and risk universe into one place. Risk Management reports had been reviewed as part of the audit, and suggested changes would be incorporated for the next meeting of the committee.

The committee agreed that the museum's risk management policy and procedures should be simplified.

The committee requested that full audit reports be included in committee papers going forward, rather than summary versions.

5 REWARD FOR INVENTORS SCHEME AT NHM (PN5)

Julia Evans (Innovation Programme Manager) and Harry Rousham (Head of Innovation Unit) gave an overview of the museum's Innovation Unit. They summarised innovation projects (two live cases currently) and explained the vision for future innovation at the museum, which incorporated the Inventors scheme, which scientists had been requesting for some time. They asked for scheme endorsement, advice and feedback.

The committee asked whether DCMS approval for such a scheme was required to which the answer was no. However, the Director would be sharing details of the scheme at the next DCMS/NHM engagement meeting, for information.

The committee asked whether other Arm's Length Bodies used similar schemes to which the answer was yes e.g. the National Physical Laboratory. The Government Office for Technology Transfer has also been providing advice for Arm's Length Bodies.

Members queried how large the scale of the scheme could be. It was too early for the team to tell; they were currently scratching the surface of opportunities, but they would know more in a year. All NHM scientists would be encouraged to use the scheme, even if it took them away from the museum to other roles, as it would be a success story and an opportunity to increase turnover (currently 3%) in science.

Other questions were around the percentage share to inventors and potential caps, which may be required in some scenarios. The team assured the committee that all inventions would be handled on a case by case-by-case basis; the model had been created dynamically for this purpose.

The committee advised the team to think carefully about how to communicate the scheme to the science community, and to ensure that collaborators could be awarded as well as sole investors. The team confirmed they were planning this in detail and sensitively but expected it to be received positively as it is a recognition of great work. The committee also asked if DCMS needed to give approval, HW said they did not but NHM would be briefing the DCMS on it at the next Engagement meeting (which DCMS had delayed from early May).

The committee gave their endorsement of the scheme.

6 DRAFT ANNUAL GOVERNANCE STATEMENT (PN6)

The Chief Operating Officer introduced the Draft Annual Governance Statement 24/25.

The committee approved the draft pending amends to Appendix A including addition of two trustees and amends to Sir Patrick Vallance entry (leave of absence rather than resignation), plus amends in the final sentence to omit reference to the Risk and Assurance Manager (action RG) and to change to Chief Operating Officer.

7 ANNUAL ASSURANCE TO THE ACCOUNTING OFFICER AND AUDIT & RISK COMMITTEE (PN7)

The Chief Operating Officer summarised the Annual Assurance to the Accounting Officer and the committee. In light of recent changes to the risk and assurance function – as a result of the independent review on its function – the annual assurance review had been carried out by the COO with independent support and review by Colin Hudson.

The committee approved the document pending one change in the final sentence to omit reference to the Head of Risk and Assurance (action RG), also changing to COO.

HW thanked Colin Hudson for his support on this document.

8 DRAFT INTERNAL AUDIT PLAN 2025-2028 (PN8)

Melanie Cockton introduced and summarised the Draft Internal Audit Plan 2025-2028 and welcomed questions. Standing audits included one for Cyber Security including disaster recovery and one for financial stewardship. The committee endorsed audits on fundraising, project management and

cyber security, but questioned the priority of payroll, business planning and EDI over areas not covered in the plan such as physical asset condition and collections care.

After discussion it was agreed that the Director and Chief Operating Officer would discuss the draft plan and work with KCG Audit to update the plan incorporating committee comments and then circulate the new version to the committee via email for out of meeting approval. (RG action).

9 ANNUAL COLLECTIONS ASSURANCE REPORT (PN9)

The Head of Registry (SL) summarised the Annual Collections Assurance Report highlighting key items: archive service accreditation, incidents & changes to work processes, and recent Lords debate on sale, display and repatriation of human remains. The recent return received media coverage in Australia.

SL presented a look forward to 25/26 specifically on museum accreditation, collections risk and exhibition borrowing.

Trustees questioned the origin of the leaks in the palaeontology building, which were a result of repeated issues with a specific contractor on roof works in that area. It was confirmed that the museum would not be continuing with that contractor for the second phase of the paleo roof project.

10 ANNUAL SECURITY REPORT

The Chief Operating Officer introduced the Annual Security Report for 2025 and its contributors.

The Head of Security (JD) gave an overview to the committee of Martyn's Law including legislation overview, site classifications, NHM preparedness initiatives and ongoing measures.

Key physical security messages were summarised. The committee asked about the increased Physical Security Risk as outlined in the Director's Report. JD assured the committee that security measures at the museum had been upgraded in line with this and security were keeping a close eye on the matter. Neither NHM nor any peer museums had reported any specific target threats. The committee questioned whether the museum should have police stationed at the venue permanently, but JD felt that to date all museum incidents had been attended quickly, and security held a strong relation with police.

The Chief Information Officer gave an overview of Cyber Security and introduced the Information Security Manager (CS). CS outlined the cyber function for the museum and presented key messages including additional steps taken to mitigate the risk of a cyber-attack. The committee discussed the recent number of attacks to large corporations like M&S and Co-op and the need to gain and review lessons learned in respect of our own infrastructure.

The Data Protection Officer (EC) summarised that team structure and function, and key messages for this area. The committee queried whether NHM is in a mature position from a museum governance point of view. EC answered yes but explained this was a difficult question to answer considering this is more about behaviour than technology.

11 ANNUAL HEALTH & SAFETY REPORT

The Chief Operating Officer introduced the Head of Health & Safety (EP) who summarised the Annual Health & Safety report to the committee. Members were keen to understand how the museum would make changes to the gardens since opening to mitigate issues such as children climbing large rocks. The team always had a plan to review such matters after one year of opening

and this would be captured in a one-year operational review that the COO and Director of Commercial would oversee as well as the newly formed Gardens Advisory Group which would meet regularly to review ongoing development of the gardens. The new Intelligent CCTV was also proving of great use to such matters in the garden and as well as inside the museum.

Trustees wanted to understand where the requirement for all new starters to complete Display Screen Equipment assessments in their first week came from. EP explained this was a statutory annual requirement for all workplaces in the UK under workstation regulations.

12 ANY OTHER BUSINESS

The Chair noted topics for future meeting deep dives including the South Kensington site's capability to expand as part of NHM150. All were endorsed.

There being no other business, the meeting was closed.

DATES OF NEXT MEETINGS (2025)

Wednesday 18 June

Tuesday 4 November