

TRUSTEES' AUDIT AND RISK COMMITTEE

Meeting No 111

Paper No XX

THE NATURAL HISTORY MUSEUM

AT A MEETING

ON 12 FEBRUARY 2026

AT 11.00 A.M.

Present

Shahpur Kabraji (Chair)

David Snell – independent member

In Attendance

Dr Douglas Gurr (Director)

Lord Tony Hall (Chair of the Board of Trustees)

Helen Whitehouse (Chief Operating Officer)

Siobhán Tighe (Chief Financial Officer)

Melissa Clifford-Turner (Head of Finance)

Stephanie Wilson (Financial Controller)

Keith Jennings (Director of Estates, Projects and Masterplanning)

Stephanie Hall (Head of Integrated Estates Strategy)

External representatives

James Cross (Partner, Moore Kingston Smith LLP)

Martin Burgess (Director, DCMS audit, UK National Audit Office)

Melanie Cockton (CEO, KCG)

Secretariat

Molly Harrison-Edge (Development & Director's Office Project Officer)

Apologies

Robert Noel (Trustee) - comments shared pre-ARC with members

Luke Fairless – Independent Member – comments shared pre-ARC with members

Jyoti Makkar (Audit Manager, National Audit Office)

David Jones (Associate Director, KCG)

Anita Raj (Head of Finance Business Partners, DCMS)

1 MEMBERS' REGISTER OF INTERESTS (PN1a)

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

It was noted that the meeting would be proceeding whilst not officially quorate, but prior input from Robert Noel and Luke Fairless ensured sufficient representation.

MINUTES OF THE MEETING HELD ON 4 NOV 2025 (PN1b) AND MATTERS ARISING (PN1c)

The minutes of the meeting of the Committee held on 4 Nov 2025 were confirmed as a true record and signed off by the Chair.

All matters arising were noted as completed.

2 DIRECTOR'S REPORT (PN2)

The Director updated the group on major strategic risks since the last meeting as part of the Q3 Operating Plan Quarterly Review. Overall risk level slightly decreased, due to positive progress on the integrated estates masterplan, and the recruitment of the new Head of Estates Masterplanning.

It was noted that security remained a priority area for the museum, and whilst the museum is in a good position, the risk remains elevated to reflect the increasing evidence of physical security and cyber security risks within the wider sector, particularly in mainland Europe. Recent incidences such as the gold theft and cyber-attack on the National Museum of Natural History in Paris, and the cyber-attack in Berlin, highlight the need to make both physical and cyber security a high priority.

3 Q3 FINANCIAL UPDATE (PN3)

The Chief Financial Officer (ST) shared the Q3 update with the committee. It was reported that actuals are ahead of forecast, with a £12.693m positive position against Year-to-date budget and £8.186m against the YTD forecast. Most of the variance to the Forecast is due to timing in the Capital expenditure being delayed, with planned spend reprofiled into next year, for example for major IT projects and some slippage in year on capital estates projects.

The committee sought clarification on the remaining in year PBIF funds and the implications if they were not fully spent within the current financial year. ST confirmed any PBIF underspend would be returned to DCMS. Whilst a significant amount of PBIF activity and spend is falling into Q4, the Executive remains confident the programme can be effectively delivered before year end.

4. Internal Audit Update – KCG (PN4)

4A. Audit Plan Progress

Melanie Cockton confirmed KCG were on track to deliver all 2025/26 scheduled audits by financial year end. Three completed audits have been submitted to ARC for consideration.

There were no additional comments on progress report. Three audits completed over the last quarter have been submitted to ARC for consideration.

4B. Fraud

The overall assessment for fraud was satisfactory. The audit found no evidence of fraud or immediate risk. It made recommendations to develop best practice processes and procedures, and update policies and training materials, to reduce risk levels further.

4C. Temporary Exhibitions

The overall assessment for temporary exhibitions was satisfactory. Key recommendations focused on development of an Exhibition Strategy (something for the new Head of Exhibitions to consider); reviewing the structures of the Public Programmes directorate (in action); further embedding of financial controls and a consistent approach to lessons learned evaluations.

4D. Unlocked

The overall assessment was satisfactory. It was discussed that further improvements are required to document risk management in more detail and align processes. Discussion held on needing to reduce error risk and strengthen overall budget management and individual project team ownership of budgets. Actions are in train.

5. Audit Update – MKS (PN5)

James Cross of Moore Kingston Smith LLP presented their annual audit planning report for the Natural History Museum Trading Company Limited. He reported that audit scope was largely unchanged from previous years, with greater focus on general IT controls. An additional focus area is stock onsite across commercial and catering, with additional retail stocktakes planned.

The Committee acknowledged isolated cases of low-level fraud across the wider sector and noted a modest increase in cash transactions linked to higher numbers of international visitors, which remains a minor risk. The committee questioned that the museum relied on catering contractors for accurate income reporting, which underpins commission arrangements. It was agreed that undertaking a full audit on the catering contractor would be challenging for the team but took assurance that appropriate controls are in place.

6A AUDIT UPDATE FROM NAO (PN6)

Martin Burgess introduced the National Audit Office Audit Planning Report and welcomed comments to the proposed approach for the audit of the 2025-26 financial statements. There was discussion around property valuation and the approach of using indexation as proxy measures; the Committee welcomed recent changes to the Financial Reporting Manual (FreM) to move to an indexation methodology.

The chair wanted clarification around the 4.5% increase to NAO fees which is above inflation and comes after previous above inflation rises, and there is an action for Martin Burgess, who agreed to share with the committee a detailed breakdown and more information on NAOs audit costs which are assessed on a cost recovery basis.

6B. VFM Review Update Paper

The VFM Review of DCMS sponsored museums Update Paper was presented for reference; there were no specific comments, and the review is due to be published shortly. The Chief Operating Officer (HW) thanked NAO for the way in which they carried out the review, taking extensive time to understand how the NHM operates. It was suggested that the NAO could present on findings of the review at a future

7 RISK MANAGEMENT UPDATE FOLLOWING BUSINESS PLANNING (PN7)

The Chief Operating Officer (HW) highlighted that the Executive had addressed comments from previous Committee discussion (4 November 2025) and pointed to further changes that had been made to the Risk Management Policy to address this feedback. Specific changes to the scoring matrix included increases to the critical level of financial impact, and a more detailed narrative on impacts across different Museum activities. An action for HW to go through the Risk Management audit with David Snell who was yet not on the committee when it was discussed.

8. Estates Masterplan & Strategic Risks (PN8)

The Director of Estates, Projects and Masterplanning (KJ) and Head of Estates Masterplanning (SH) presented a paper on the NHM Masterplan; a detail paper had been discussed at the Infrastructure Committee a few days earlier. The paper presented here summarised the strategic risk implications for the Audit and Risk Committee, with clear links to specific risks identified in the 2025/26 Corporate Risk Register.

The discussion focused on increasing visitor numbers and improving flow by developing core infrastructure, circulation routes, cafés, and commercial spaces to enhance the visitor experience. The committee queried the feasibility of a 10 million visitor target, and it was noted that improvements to galleries, food and beverage, and optimised flow should relieve pressure and open up space. Emphasis was placed on aligning short-term delivery with both the ten-year strategy as well as masterplan development beyond 2031. Improving cross-team integration, defining interfaces, and using resources efficiently. Questions arose about whether the team and resources are sufficient to meet the goals. Overall, the team has developed in recent years with strong talent in place, and there is confidence in the organisation's readiness for implementation.

9 BUDGET AND THREE-YEAR PLAN (PN9)

The Chief Financial Officer (ST) presented slides on the 2026/27 budget and wider three-year financial plan. Capital forecasts along with continued operational cost increases are putting considerable pressure on the future budget. Reducing the risk to general reserves stretch targets are in place focused on rigorous cost management, further income growth, and additional activities, with the latter representing the largest opportunity (c£5m). Cost management is being further embedded as a culture, while income growth builds on the commercial strategy, including greater crossover opportunities in areas such as science and innovation.

The approach is multi-faceted and includes stronger financial discipline, more granular programme-level P&L oversight, and a willingness to stop activity that is not delivering sufficient return. Leadership roles have been repositioned to sharpen delivery and maintain fundraising momentum. A balance will be maintained between financial return, visitor experience, and staff satisfaction. While there is confidence in delivering at a minimum, 50% of the stretch target, further refinement of timelines and costings is required, and the Board has encouraged greater detail to really visualise the £11m target.

10 ANY OTHER BUSINESS

The Chair noted topics for future meetings needed to be discussed and clarified with secretariat.

There being no other business, the meeting was closed.

DATES OF NEXT MEETINGS (2026)

7 May 2026