

**THE TRUSTEES OF THE NATIONAL MARITIME MUSEUM**

**THREE HUNDRED AND FIFTY-EIGHTH MEETING**

**09:30 THURSDAY 5 July 2018**

**IN THE BOARDROOM OF THE NATIONAL MARITIME MUSEUM**

**MINUTES**

**Trustees present:**

Sir Charles Dunstone, Chairman

Dr Aminul Hoque

Carol Marlow

Jeremy Penn

Eric Reynolds

Admiral Sir Mark Stanhope

**In attendance:**

Kevin Fewster Director

Andy Bodle Director, Operations and HR

Anupam Ganguli Director, Finance and IT

Eleanor Harris Director, Visitor Experience and Enterprises

Mike Sarna Director, Collections and Public Engagement

Kate Seeckts Director, Development.

Christopher Gray Museum Secretary

Chris Walker Observer

*~Board Matters~*

The Board of Trustees noted with pleasure the 70th anniversary of His Royal Highness The Duke of Edinburgh's appointment on 19 June 1948 as a Trustee of the National Maritime Museum, and now as the Museum's Patron.

The Chairman had written to express the gratitude of the Trustees, the Director, the staff and volunteers for Prince Philip's immense and constant support and encouragement of the Museum's endeavours as custodian of the UK's great maritime heritage.

**Progress on Trustee Recruitment**

The Chairman reported that No 10 had agreed to the recruitment of a Trustee with the capability of being the next Chair of the Audit Committee and that the advertisement had gone live on 4 July.

*~Governance Session~*

**1. Apologies**

Received from Gerald Russell, Trustee and Joyce Bridges, Trustee

**2. Declaration of relevant interests related to this meeting**

Eric Reynolds declared that he had been approached with a view to becoming a Trustee of the Greenwich Foundation for the Old Royal Naval College.

Otherwise, none other than those previously registered.

**3. Draft Minutes of Board meeting 357 of 26 April 2018**

The Board **agreed** the minutes to be a true record of the meeting and the Chairman of the Board certified the minutes accordingly.

**4. Director's Report for April to June 2018**

The Director focussed on the potential acquisition of the Titanic collection reporting that the past few months have been an intense period of discussion and negotiation on numerous fronts, sometimes requiring daily conference calls with the US legal team and the prospective parties in Northern Ireland. The Director stated that when and as required he had been providing DCMS with verbal updates on progress.

Regarding fundraising, Trustees noted that the media launch of the fundraising campaign was now set for 24 July at Titanic Belfast and that Bob Ballard would be present at the launch and that James Cameron will be doing a supportive video message. Conal Harvey (Deputy Chairman, Titanic Belfast) is leading efforts to secure £3m from the NI administration.

Trustees asked about the programme and the Director reported that on 25 July, the bankruptcy court will hear the first step with respect to the equity holders' proposal and the other proposal. The UK parties intend to have the first step of our proposal heard at the 25 July hearing as well. The Museum's US lawyers are seeking to have all three proposals move forward on the same timeline from the 25 July hearing to ensure a fair process. If that does not succeed then we may not be able to proceed any further. If that strategy does succeed we may ask for permission to raise the money over, say, 60-90 days.

Trustees then heard that a fundraising strategy and plan was being developed with the parties in Northern Ireland the key plank of which has always been to seek a substantial sum, possibly £3m, from the NI administration in order to demonstrate success with high-level backing to potential donors. Trustees noted that whereas up until now fundraising had been solely the province of the Northern Ireland parties, the Museum was being brought closer to the efforts. The meeting agreed that the US contacts of Titanic Belfast were of key importance.

Trustees suggested a large organisation based in Greenwich may like to be involved and the Director was grateful for the idea .

Overall Trustees noted that the Museum was making the best progress possible in this complex environment and **agreed** to continue go forward to try and save the collection from its likely break-up.

The Director then outlined to the Board the forthcoming consultation work that was being undertaken to look at the potential for further collaboration between the Old Royal Naval College, the University of Greenwich and the Museum. The Board considered that thinking might go wider than the existing brief but that in the first instance Trustees looked forward to seeing the report.

A point of clarification was noted in that the appeal for the Altazimuth Pavilion had raised £150k and that the special event for the donors had cost just £1k.

Trustees were grateful for and noted the Director's Report – both written and verbal. There were no matters arising.

## **5. Director, Finance and IT Report**

### **5.1 Finance Report at Year End 2017–18 and cashflow at 25 June 2018**

The Director, Finance and IT presented the Museum's management accounts for the 2017-18 financial year with performance being compared to the Q3 forecast.

The Director, Finance and IT stated that the Audit Committee had reviewed these management accounts and the reconciliation of these management accounts to the Museum's statutory accounts at its meeting to approve the Annual Report and Accounts on the 18th of June.

#### **Revenue**

Trustees noted that the overall revenue surplus before access to reserves is £1.5m which is £972k better than was forecast. The main reasons were a £500k pledge from Lloyds Register Foundation, which had not been confirmed when the Q3 forecast was finalised, and cost savings of £560k.

The Museum's surplus is £892k before access to reserves and the Cutty Sark management charge of £400k.

Trustees noted that the Cutty Sark's surplus is £531k before the management charge of £400k. The net surplus of £131k comprises a £50k donation from Michael Edwards and £81k which is transferred to the designated long term maintenance fund.

The Director, Finance and IT highlighted some key variances in the reconciliation between the forecast and the actual for the Museum:

- Although retail figures are up 14% compared to last year and the Meridian shop is doing very well, the Astronomy and the on-line shops came in under forecast
- Events had a difficult winter, and came in £80k below forecast. Catering income was affected by the closure of the NMM café for refurbishment
- Grant income is £554k better than forecast because in addition to the Lloyds Register grant, two small grants of £20 and £25k respectively were not included in the forecast
- Also, there have been significant savings in exhibitions expenditure, mainly for the Great British Seaside
- Staff costs are over forecast by £117k - £40k of this is because of the increased provision for the staff bonus at the end of Endeavour, transfer of staff costs relating to the Endeavour Activity Plan from the capital to the revenue budget, and payment of freelance staff through the payroll to comply with recent legislation
- The two significant positive expenditure variances are in estates maintenance (£158k) and Learning Programmes (£100k). The Maintenance underspend offsets the overspend on rates and water (£78k) and the balance relates to delays to the store room in in the new Insight Astronomy Photographer of the Year gallery space and the ROG south building, and also some capital expenditure incorrectly included as revenue
- The Learning Programmes underspend is across a number of cost categories the largest being Freelancers who are now being paid through payroll and therefore included in the staff costs budget.

The variances for the Cutty Sark were:

- Admissions income is £37k below forecast because of 9000 fewer visitors and a yield of £6.78 against a target of £7.35
- Events income is £48 below forecast mainly due to a difficult corporate market
- To comply with FRS 102, we have accounted for the whole donation from Michael Edwards for 2018-19 and 2019-20. Therefore the amount will be in a restricted fund on our balance sheet at year-end – and therefore the transfer to the maintenance fund is £81k.
- On the expenditure side – the Museum had increased the maintenance expenditure forecast in Q2 to provide contingency for unplanned expenditure but this has not now been required.

### **Capital**

The Director, Finance and IT reported that on recurring capital expenditure, the variance against the Q2 Forecast is £210k. £50k of this relates to the development of the audio guide for *Cutty Sark*, and £88k forecast for a new Storage Area Network system is being reassessed by the new Head of IT.

Non-Endeavour galleries expenditure – the £132k underspend on Enrichment has been deferred to 2018-19. The funding from the Foundation which has already been drawn down will be held on the balance sheet as a restricted fund.

For the Endeavour galleries, there have been several significant changes to the cash flows provided by the fit-out contractors and delays to the production of the display cases. The expenditure is just carried forward to 2018-19.

Trustees were concerned to note that estates maintenance was underspent at year end. The Director, Operations and HR assured Trustees that, as the major capital projects were now coming to an end, the Estates team would return to steadier state. The underspend is inaccurate as some refers to works crossing the FY due to inclement weather (Altazimuth and ROG external lift) and some involved work carried out but under-accrued. The appointment of the new M&E contractor, CBRE, the appointment of the new lift maintenance contractor, United Lifts and the completion of the Conditions Survey, all this summer, are positive developments in this area.

Trustees then **noted** the Finance Report at Year End 2017-18 and the cashflow at 25 June 2018.

The Director, Finance and IT then reported that the statutory Annual Report and Accounts had been cleared by the Auditor and Comptroller General.

### **Cash flow at 25 June 2018**

Trustees were pleased to note that the cash flow has been extended to cover a 12 month period; the first half of the year is detailed on a weekly basis with the remainder summarised by month.

The Director, Finance and IT stated that the cash flow is monitored weekly and that the cash flow at 25 June shows an opening balance of £1.8m which is projected to rise to £4.0m by mid-November 2018.

## **5.2 Income update for the two month period to end May 2018 and remedial strategy**

The Director, Finance and IT reported that the total income for the first two months of 2018-19 is £4.7m including £2.3m of GIA. This is £300k less than the Budget.

Specifically:

- In the Museum, although Retail performed well Admissions and Events were below budget, the bad weather in April had an impact on visitor numbers although May and June have been significantly better. At the ROG travel trade income was adversely impacted but this seems to be the case in other London museums. The Travel Trade team is working to address this.
- In addition, *Cutty Sark* target visitor numbers for this year are looking too ambitious and will be reforecast down.
- Although Events income got off to a slow start future booking in the Museum and *Cutty Sark* are looking very optimistic.
- Fundraising income is £45k better than budget mainly because of a new benefactor patron who joined at the £25k level. And we have sold just over 300 new memberships since the end of the last financial year
- Visitors to the Great British Seaside continue to remain low. This financial year actual visitors have only been 7,200 against a budget of 22,000

For these reasons, it is now projected that Commercial income will be £727k less than budget but the Executive are acting quickly to address this. In addition to cost savings in a number of areas for the Q1 Forecast, the Enterprises division are looking into a remedial strategy to address this significant shortfall as soon as possible.

### **Remedial Strategy**

The Director, Visitor Experience and Enterprises then detailed a remedial strategy of admissions pricing changes at the Royal Observatory to come into effect the week commencing 9 July (on site at the Royal Observatory from 12 July), which will coincide with the start of the new ticketing system and allow RMG to benefit from the peak summer season to maximise the benefits of any changes with 68% of our visitors to our ticketing sites expected to visit from 12 July 2018 to 31 March 2019.

Trustees noted that the changes, summarised below, would be monitored carefully and the Museum would be able to pull back quickly if price resistance was encountered.

- Increase of 'lead' ticket price at ROG from £10.00 to £15.00 including VAT
- Remove the senior discount (currently £1 off Monday to Friday). Instead we will offer 'Silver Tuesdays' with seniors getting a 1/3rd off discount on the ROG's quietest day.
- Introduction of a "Young Person's" discount for the 16-24 year olds and students of 1/3rd off at all times (currently £1 off Monday to Friday), as these represent our most price sensitive group.

Trustees were particularly interested to note that although the Royal Observatory with its world famous Greenwich Meridian Line can clearly be classed as a 'must do' attraction, in the same peer group as other top attractions in London, the ROG is the lowest priced of these comparable

attractions and priced at less than half the average admissions price of other attractions. Trustees heard that visitor feedback from the travel trade is that the Royal Observatory is considered "very cheap".

Trustees noted that a decision to remove senior pricing would see RMG follow in the footsteps of the National Trust, which no longer offers a senior rate. An increasing number of venues do not offer senior rates including some of RMG's partners e.g. Thames Clipper and the ORNC's Painted Hall tours. It was also understood that for those seniors that are on a budget, RMG already offers a number of better value options including the Day Explorer tickets. More senior day explorer tickets are sold online than single site ROG tickets.

Trustees considered that the Young Person's Discount was a very positive step to increase access for students as well as recent graduates / job starters who are likely to be on lower incomes and requested that this is well promoted.

Trustees thanked the Director, Visitor Experience and Enterprises for the very convincing work that had been undertaken on the remedial strategy.

Trustees then **noted** the concerning income update for the year and in consequence **approved** the remedial strategy of: increasing the headline ticket price at the ROG to £15.00; changing the senior discount weekdays to a 'Silver Tuesday' day; the introduction of a "Young Person's" discount for 16-24 year olds of 1/3rd off at all times.

Trustees also **agreed** that these price changes highlight the importance of investing in the visitor experience at the Royal Observatory - as has already been agreed to be the priority for focus in the next corporate plan period.

### **5.3 Strategic Risk Register as at June 2018**

The Director, Finance and IT reported that the Strategic Risk Register had been reviewed by the Audit Committee at its 18 June meeting.

The Committee, and now the Board, noted the poor performance against budget of the current exhibition, Great British Seaside, and the performance of the two previous exhibitions. The Board voiced its concerns about budgeting accurately for special exhibitions in the Museum and the Director stated that a paper on the subject would come forward to the Board at a meeting in the near future.

The Chairman and Trustees noted that this was Anupam Ganguli's last meeting as Director, Finance and IT before he takes up a new role at the Royal Albert Hall and thanked him for his contribution to the Museum over the last five years.

The Chairman also welcomed Chris Walker to the meeting.

## **6. Audit Committee to Board report on 2017-18**

Trustees **noted** the report and in particular that on 18 June 2018, the Head of Internal Audit provided the annual statement of assurance to the Audit Committee and the Accounting Officer on the work performed in the year. In respect of the 2017-18 year, the Head of Internal Audit reported that there is an adequate and effective system of governance, risk management and internal control to address the risk that management's objectives are not fully achieved.

Trustees also **noted** that, as part of its delegated remit, at its meeting of 18 June 2018 the Trustee Audit Committee reviewed and adopted the statutory Trustees' and Accounting Officer's Annual Report, including the governance statement, and the Museum's Consolidated Accounts for the year ended 31 March 2018 on behalf of the Board of Trustees. Trustees had heard earlier in the meeting that the statutory Annual Report and Accounts had been certified by the Auditor and Comptroller General.

The Board then **agreed** the Audit Plan for the years ahead, and thanked the Audit Committee for the work it had done over the year.

**7. Endeavour project progress report**

The Director reported that there had recently been a plant failure, a chiller had blown, associated with the environment in the new galleries. The Director, Operations and HR stated that although there was a long lead time for the replacement of some 8 weeks the contingency plan had been invoked. The Director, Collections and Public Engagement gave further comfort by stating that the very high-quality cases and sealing were helping reduce the humidity problem.

Overall Trustees noted that the galleries element of the project was below budget and on programme.

Trustees then noted the report and the overall excellent progress of this very significant project for the Museum.

**8. Resolution to retire from being a Member of NMM Cornwall Trust**

Trustees **noted** the paper and that the change in status does not restrict the Board's position with regard to the collection loans which are under entirely separate agreements.

The Board then **resolved** that the Trustees of the National Maritime Museum, as a member of the National Maritime Museum Cornwall Trust to: 1. approve the proposed changes to the Articles of Association and 2. to then retire from being a Member of the National Maritime Museum Cornwall Trust.

*~Strategy Session~*

**9. Cutty Sark 150 plans and fundraising**

The Director, Visitor Experience and Enterprises said that 2019 will be a great opportunity to celebrate the 150th anniversary of *Cutty Sark* and that the plan is to run a year-long celebration to achieve our objectives for the programme, namely:

1. To raise awareness of *Cutty Sark* in the UK and overseas in order to drive visitor numbers and revenue;
2. To raise up to £10m to support the ship's needs for the next decade through the creation of a *Cutty Sark* Future Fund;
3. To create a sense of celebration for visitors and supporters.

The Museum will be seeking more and better press and media coverage and it will be important to move PR away from the fire which, regrettably, was what the ship was best known for.

The Director, Development stated that a fundraising drive to create a *Cutty Sark* Future Fund that the ship will be able to have access to for future conservation, maintenance and programming needs. This will enable the Museum to plan properly rather than have to raise money quickly for costly works that may not be easy to fundraise for in themselves (such as the deck or rigging).

Trustees heard that the feasibility for such a campaign has been promising revealing both a fondness for *Cutty Sark* and a total understanding about the costs of owning an historic ship, yet alone one that has over ¼ million visitors a year. The shipping and yachting communities have offered to get involved and have sent good signals regarding potential gifts.

The meeting then discussed what appeared to be the continuing lack of attention from the Borough to the ship and its environs – which are a huge draw for tourists for the good of the Borough and the UK. The Director reported that he had been trying for the last year to get another meeting with officers to deal with how the square works around the ship and issues of messaging and shared Trustees' frustration at the lack of progress.

It was agreed to consider whether a councillor should be invited onto the *Cutty Sark* Advisory Committee to assist in willpower and liaison.

Trustees noted and understood that *Cutty Sark* / ROG / Titanic fundraising is all separate from one another and agreed that it is an admirable aim to secure the future of the ship and one which people can appreciate and respect.

Sir Mark Stanhope, as Chair of the *Cutty Sark* Advisory Committee stated that the Committee greatly welcomed the initiative – to create a fund of this nature is a very important aspect of Trustees' governance of the ship.

Trustees then **endorsed** the *Cutty Sark 150* plans and its fundraising objectives and urged those involved to make haste.

#### **10. Content and marketing for the four new galleries - presentation**

The Director, Collections and Public Engagement firstly thanked Trustees for their assistance and guidance on the project then went on to deliver a very well received presentation on the four new galleries and the Enrichment project.

The Director, Visitor Experience and Enterprises, stated that the marketing goal is some 50k more NMMG visits per annum - primarily from cultural adults and our local communities – reaching out to the diverse communities in which the Museum is based being a key focus of the marketing plan. Trustees were pleased to hear that the Museum now has some 158k social media followers and 60k newsletter subscribers.

Trustees thanked the two Directors for their expositions and the Board was very positive about the gallery content and its marketing.



**11. Briefing on 19 September opening**

The Director, Development took Trustees through an overarching brief of the grand opening by Sir David Attenborough of the four new galleries on 19 September and requested that Trustees, as hosts, arrive at 5pm if possible.

There were no questions arising from Trustees and The Director, Development confirmed that the Trustee briefing pack will be sent out the week before the event.

**12. Discussion of the Corporate Plan at Milestone level**

The Director introduced the Plan's latest iteration stating that the next stage would be to flesh out the programme for the milestones and contribute costings and pricing.

Trustees were pleased to see the Milestone of "Researching audience interests and develop a long-term exhibition programme that responds to these, testing new programme ideas at an earlier stage to ensure broad appeal."

In conclusion the Board was content for the Executive to proceed with looking at the resource implications for the Milestones presented in this iteration of the plan and Chris Walker confirmed that he would be looking at the time line of the plan and its affordability over the period ahead.

**13. Matters arising from information in Volume B**

Trustees noted the information in Volume B of their papers.

The Board particularly applauded the Conservation Annual Report.

An error regarding the date of the last staff engagement survey in the Annual Report was pointed out, otherwise the Board were pleased with the information provided and there were no matters arising.

**14. Next Board Meeting**

Thursday 20 September 2018 at 14:00 in the Boardroom.

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Minutes certified by Sir Charles Dunstone, Chairman

Date

Following the meeting the Board inspected the excellent progress with the new galleries. They also received a presentation on the excellent project for the Altazimuth pavilion and its Annie Maunder Astrographic Telescope from Brendan Owens, Observatory Public Engagement Manager.