

# 06 October 2006

## NATIONAL MUSEUMS NORTHERN IRELAND BOARD OF TRUSTEES

Minutes of a meeting of the Board of Trustees held on Friday, 20 October 2006, at 1145 hrs, in the Board Room of Armagh Philisophical Society at Armagh County Museum, Armagh.

### Trustees Present:

Mrs Margaret Elliott (Chairman)  
Mr Dan Harvey (Vice-Chairman)  
Miss Linda Beers  
Mr Tom Shaw  
Mr Bill Montgomery  
Professor Eithne McLaughlin  
Dame Geraldine Keegan  
Ms Patricia Flanagan

### In attendance:

Mr Tim Cooke (Chief Executive)  
Mrs Jude Helliker (Director of HR & Organisational Development)  
Mr John Gilmour (Director of Development)  
Mr Marshall McKee (Director of Operations)  
Ms Amanda Lilley (Director of Finance & Planning)  
Mrs Gillian McLean (Director of Marketing, Communications & Trading)  
Dr Jim McGreevy (Director of Collections & Interpretation)  
Mr Oliver McKenna (Business Planning Manager)  
Mrs Heather Henning (Committee Secretary)

### 1. APOLOGIES FOR ABSENCE

Apologies were received from four trustees, namely Mrs Wendy Osborne, Mr Harvey Bicker, Dr Alastair Walker and Mr Sean Neeson.

### 2. APPROVAL OF MINUTES OF MEETING HELD ON 23 June 2006

The Board approved the minutes of the meeting held on 23 June 2006.

### 3. MATTERS ARISING FROM THE MINUTES OF THE MEETING HELD ON 23 June 2006

It was agreed that any matters arising from the minutes of the June 2006 meeting would be addressed within the agenda of the meeting.

### 4. BUSINESS OF EXECUTIVE

#### 4.1 Executive Summary

**Ulster Museum:** The Chief Executive referred to the recent closure of the Ulster Museum on 1 October 2006 and said that following an extensive public relations and political lobbying campaign to highlight the closure almost 11,000 visitors came to the museum on its final weekend of opening with the majority (9,500) visiting between 2.00 pm and 4.30 pm on Sunday, October 1. The Chief Executive said that the public response to the closure of the Ulster Museum clearly demonstrated the public's affection for the museum and the potential of the redevelopment project and should be an inspiration to the Board of

Trustees, Executive and staff. The Chief Executive recorded his appreciation and thanks to all of the museum staff involved in the event.

**Ulster American Folk Park:** Trustees noted that the Ulster American Folk Park's 30<sup>th</sup> anniversary celebrations had been running strongly as a theme throughout the summer period and that the Folk Park had welcomed its three millionth visitor at the beginning of September which was a wonderful tribute to the organisation and its staff.

**Outstanding Governance Issues:** Board members welcomed the news that the organisation had received ministerial approval to publish Annual Reports for 2002/2003, 2003/2004 and 2004/2005.

The Executive had also undertaken an annual risk management assessment workshop during August past and the outcome of the workshop had been reported to the Audit Committee prior to the Board meeting. A new risk register was now in place and the Chief Executive asked Trustees to note that the risks of failing to deliver the documentation plan and storage plan in response to the NIAO report and to deliver the Ulster Museum project on time and within budget had both been elevated to the high risk category and would therefore be the subject of a quarterly report to the to the Audit Committee.

**VER Scheme:** The Chief Executive reported that the second phase of the VER Scheme had recently been implemented with leavers exiting the organisation on 29 September last. It was the intention to implement a third and fourth phase of the scheme following the resolution of some outstanding issues concerning the introduction of the new age discrimination legislation.

**Smithsonian Festival:** The Chief Executive briefed Trustees on a recent meeting of the Smithsonian Steering Group which he and the Director of Collections and Interpretation had attended at the Department of Culture, Arts and Leisure. The Director of Marketing, Trading and Communications had also been involved in partnership discussions with various bodies such as the Northern Ireland Tourist Board (NITB). A number of possibilities were under exploration subject to venue availability.

#### **4.2 Update 2006/07 Business Plan and Corporate Strategy 2006/09**

The Chief Executive reported that DCAL had approved the draft Corporate Strategy 2006/09 as previously discussed with the Board of Trustees subject to some minor amendments in light of the Audit Office Report and the PAC Hearing. Copies of the revised document were circulated to Board members by the Business Planning Manager and the Chief Executive said that the draft Corporate Strategy would now undergo a public consultation process for a 4 to 6 week period. Copies of the 2006/07 Business Plan, which had also previously been agreed with the Board of Trustees and which again incorporated a few minor amendments from DCAL were also circulated to Board members.

The Board noted that the Director of Marketing, Trading and Communications was seeking permission from DCAL to undertake a consultancy project, as part of a wider usage and attitude survey, that would examine a range of issues pertaining to service provision and the reform and modernisation agenda. As part of that project a significant investigation into the branding issue would be undertaken and the Director of Marketing, Trading and Communications would report to the Board in due course.

#### **4.3 UlsterMuseumProject Update**

The Director of Development reported that the overall cost of the project had been capped at £14.7m and provided Trustees with a breakdown over the overall costs. He explained that the Heritage Lottery Fund (HLF) had queried the sum set aside for contingency bias however following a detailed response to the query and a meeting to discuss the matter, HLF had indicated they were broadly satisfied. The local committee of HLF was scheduled to meet at the end of November with a final decision expected after a meeting of the London Committee on 12 December 2006.

The project remained on target to open in Spring of 2009 and during recent months the Executive had entered into discussions with DCAL regarding the possible reallocation of £2.2m of capital to the Ulster Museum project. Providing the HLF bid and the request for the reallocation of capital were successful, the remaining capital shortfall for the project was in the region of £1m and a number of major trusts and selected private donors were being approached to support the project.

The decant of the collections to off-site stores was scheduled to commence during November and OJEU notices had been submitted to the European Journal seeking expressions of interest for the main contract. Providing the anticipated funding locked into place, the Director of Development anticipated that tenders could be sought during December and that work could commence in late spring/early summer 2007.

The Chief Executive reminded Board members that last year he had sought the endorsement of the Board of Trustees to have an amount of £3.5m of the original £13.5m of capital allocated to the museum reprofiled towards the Collections Resource Centre in anticipation of the Audit Office report and this had been approved. It had become apparent during the last number of months however that there was no realistic prospect of this money being spent on a Collections Resource Centre within the timeframe of March 2008 and it therefore seemed sensible to ask that £2.2m of the sum that had been profiled for a Collections Resource Centre be redirected towards the Ulster Museum project. DCAL understood the reasons for the proposal and were supportive of it and the proposal had been presented to the DCAL Capital Programme Board by the Chief Executive. The remainder of the money would be used to fund a feasibility study and to prepare a business case for submission to the Comprehensive Spending Review (CSR) for a Collections Resource Centre and to support the museum's self-generated income strategy. The Chief Executive therefore sought the Board's approval to write to DCAL seeking approval for the reprofiling of £2.2m in support of the Ulster Museum project which Trustees supported unanimously.

Following a brief discussion about the progress of planning permission for the project and the expected commencement date, the Chairman re-emphasised the importance of this project to the organisation. The Chief Executive assured Board members that the Executive Team were conscious of the need to complete the project on time and within budget and would be reporting on a quarterly basis to the Audit and General Purposes and Finance Committees.

Mr Shaw enquired about the insurance arrangements in respect of the packing, transit and relocation of objects during the decant and was advised by the Director of Collections & Interpretation that the museum's collections were covered by government indemnity. He also detailed the storage and security arrangements that had been put in place to safely house the collections during the programme of refurbishment. The Director of Operations issued the following note of caution concerning the fact that the museum's collections were covered by government indemnity. He said it was important to clarify that there was no automatic right to recompense as Government had always stated that it would assess the situation at the time if a loss occurred, in terms of Exchequer/Treasury and public expenditure requirements. In reality therefore, the museum carried its own risk in relation to the collections.

#### **4.4 VER Scheme**

The Director of HR & OD reminded Board members that DCAL had secured £3.7m to enable the museum to implement a voluntary early retirement (VER) scheme with the aim of securing payroll savings of approximately £1.1m. To date two phases of the scheme had been implemented producing annualised salary savings of £740k. It had been the intention to launch a third phase of the scheme during November however the launch had been postponed following the introduction, by government, of age discrimination legislation which impacted on the compensation rules of the Civil Service Pension Scheme (CSPS). CSPS had been alerted to the fact that the museum was relying on the VER scheme to deliver payroll savings projected by National Museums Northern Ireland in its Strategic Outline Case (SOC) and had agreed to approach the Department of Work and Pensions to ascertain if the museum could proceed with a third phase of the scheme

however the Department of Work and Pensions said it could not allow the museum to straddle two sets of rules. New compensation rules were expected to be available early in 2007.

The Director of HR & OD said that approximately half of the sum to fund the VER scheme had been spent to date leaving around £1.8m to fund further phases of the scheme. The third phase of the scheme would be offered to those staff who had not yet had the opportunity to apply for voluntary early retirement under the scheme rules. It was anticipated that a fourth phase of the scheme would be implemented to work in conjunction with the restructuring process to enable those staff who did not envisage themselves within the new structure or in a redeployed role to take early retirement.

The Director of HR & OD had been asked by the Staffing Committee to provide an update on the cost of restructuring and hoped to provide this information to the Staffing Committee at its December meeting.

#### **4.5 NIAO Recommendations for Collections Management**

The Chief Executive reported that the Audit Committee had been advised that the PAC finding was likely to be published in November and outlined the formal process of response. At the last Board meeting he had undertaken to provide a detailed update on the planned response to the report and asked the Director of Collections & Interpretation to brief Trustees.

The Director of Collections & Interpretation said that the two broad issues raised by the NIAO were the documentation and storage of collections, these being the fundamental basis for collections management. He pointed out that NIAO had not made any specific recommendations in relation to documentation but had acknowledged and welcomed the intention to develop a documentation plan which would address shortcomings in this area of activity. He explained that the plan would quantify documentation backlogs and identify deficiencies in the context of SPECTRUM which is the 'industry standard'. It would also provide recommendations for remedial action and an indication of resources required to address the issues. He reported that DCAL had approved the business case to appoint a documentation consultant and that work commencing early in 2007.

The NIAO had recommended the introduction of specific KPIs in relation to documentation. These are to be agreed with DCAL once a base-line figure has been set and will be incorporated into future Annual Reports.

The NIAO had also recommended that, in the longer term, consideration be given to accelerating the photographing of high value, attractive and collectable items. The organisation will be undertaking an audit of current activities in this regard as a basis for planning programmes from 2007-8 onwards.

In response to the recommendation that a sample of collections records be selected and verified through physical inspection as part of the organisation's annual monitoring and control procedures, the Director of Collections & Interpretation stated that a method for undertaking such checks had now been developed and would be used to carry out such checks at UAFP, UFTM and ACM before March 2007 with the results to be published in the 2006-7 Annual Report. He added that the decant of Ulster Museum collections would provide a basis for a comprehensive audit of these collections. Annual audits would be undertaken on all sites from 2007/08 onwards.

The NIAO report recommended that the organisation's storage development plan should consider a range of options, including a centralised store. The Director of Collections & Interpretation said that Central Procurement Directorate was advising the museum on the appointment of specialist consultants to develop an outline business case and feasibility study for a Collections Resource Centre. He went on to outline a number of more specific actions. The decant of Ulster Museum collections, to be completed by March 2007, will result in these collections being stored in conditions which would be described as "excellent" under the NIAO classification scheme. As regards Ulster Museum collections at

Newtownards, negotiations about relocating these to an improved facility on the same site are ongoing. At the Ulster Folk and Transport Museum, various repairs to stores are scheduled for completion before March 2007. Lastly, a new general purpose store at UAFFP, scheduled for completion by March 2007, is to be used to rationalise collections/non-collections storage at the site. In tandem with these developments, disposals from the collections are to be identified in accordance with the Disposal Policy.

A KPI in relation to storage environment (i.e. the percentage of the collection held in appropriate environmental conditions) had also been agreed with DCAL and would be reported in the 2006-07 Annual Report. It is intended that, following the completion of the documentation review, a KPI relating to internet accessibility of collections will be introduced from 2007-8 onwards.

Board members were advised that, as recommended by NIAO, the risk of damage to, or loss of, collections had now been acknowledged in organisation's Statement of Internal Control.

Finally, in response to the NIAO recommendation that an assessment of security arrangements in stores be carried out at least once every five years, a review is to be undertaken through the offices of the National Museums Security Adviser.

Board members welcomed the action that was being undertaken in response to the NIAO recommendations on collections management.

#### **4.6 Accommodation Plans**

The Director of Operations outlined the accommodation strategy and its objectives and reminded Board members that the 2004 Spending Review was the catalyst for the accommodation project providing £2.5 million for essential maintenance and upgrade of the buildings estate in the financial years 2005/06 and 2006/07. During 2005/06 detailed capital upgrade proposals were developed including an options appraisal of the organisation's accommodation needs. In addition to the spend on the accommodation project at some £950k, the museum would also be spending over £1.5m on upgrading other parts of the buildings estate within the current financial year.

The Director of Operations detailed the key milestones of the accommodation project to date stating that approval for the business case and planning permission, subject to archaeological survey had both been granted during the summer months. Following a CPD supported procurement exercise the contractor commenced site excavations during October and the project remained on target for completion in March 2007. The Director of Operations emphasised that the modular office accommodation was a temporary solution pending the completion of a Collections Resource Centre.

#### **4.7 W5 Review**

This item was discussed under "*RESERVED BUSINESS*".

#### **4.8 Board of Trustees' Away Day – 23/24 November 2006**

The Chief Executive said that the aim of the Board of Trustees' Away Day on 23/24 November 2006 was to review the outcome of the decision taken at the previous Away Day and to discuss the strategic priorities that now faced the organisation.

### **5. BUSINESS OF THE CHAIRMAN**

None.

### **6. TRUSTEES' SUB-COMMITTEES**

## **6.1 Staffing Committee**

### **6.1.1 Verbal report of meeting held on 17 October 2006**

The Chairman of the Staffing Committee, Mr Shaw said that although the Staffing Committee were encouraged by the progress of the VER scheme to date they had some concerns about the delayed implementation of the third phase of the scheme and would continue to monitor the balance of payroll savings vis-a-vis recruitment costs.

## **6.2 General Purposes and Finance Committee**

### **6.2.1 Approval of minutes of meeting held on 19 May 2006**

Board members approved the minutes of the meeting held on 19 May 2006.

### **6.2.2 Verbal report of meeting held on 15 September 2006**

The Chairman reported that the Chief Executive had been asked by Committee members to continue to monitor the draft legislation in respect of the Review of Public Administration. The Financial Report was noted by the Committee and Director of Finance and Planning advised that a further £30k had been provided by DCAL to cover the annual rate increase. The issue of rates and the likelihood of a rates holiday following the closure of the Ulster Museum was also discussed and the Chairman agreed to review the relevant correspondence.

Committee members also discussed the proposed sale of a small portion of museum-owned land at the Ulster Folk and Transport Museum in relation to the Glenmakerian Project under "*RESERVED BUSINESS*".

## **6.3 Audit Committee**

### **6.3.1 Approval of minutes of meeting held on 27 March 2006**

Board members approved the minutes of the meeting held on 27 March 2006.

### **6.3.2 Approval of minutes of meeting held on 23 June 2006**

Board members approved the minutes of the meeting held on 23 June 2006.

### **6.3.3 Verbal report of meeting held on 20 October 2006**

The Chairman of the Audit Committee, Mr Harvey, reported that the key items discussed by the Audit Committee which met prior to the Board meeting were the Risk Management Strategy

The Executive had reviewed six major risks during the quarter and although none of the risks had diminished in importance, the Committee received good assurances that these issues were being carefully managed by the Executive.

The museum's internal auditors, KPMG, had submitted three reports to the Audit Committee, two on corporate governance, one of which was relative to National Museums Northern Ireland and were able to give the Audit Committee a full assurance under all headings regarding corporate governance within the organisation. W5 also received a full assurance in respect of its corporate governance with one exception of one item which required certain aspects of the relationship between National Museums Northern Ireland and W5 to be formally documented.

The auditors also gave their final report for 2005/06 and gave assurance ratings of either "substantial" or "full" under all headings. There were a number of previous outstanding audit recommendations both in respect of internal audit and the NIAO audit and Committee members received a progress report from the Director of Finance and Planning and were confident that good progress was being made despite a number of resource issues.

The Annual Financial Statements were well progressed and would hopefully be finalised within the next few weeks. The Audit Committee would be meeting late in November to examine the accounts and recommend them to the Board of Trustees for approval.

Audit Committee members also received the final draft of the Financial Procedures Manual and the Chairman thanked the Director of Finance and Planning and Finance staff for their significant efforts in delivering a number of outstanding issues.

The Audit Committee had also considered the long-standing relationship between the museum and KPMG who were the museum's internal auditors. Mr Harvey said the museum had enjoyed an excellent relationship with KPMG and although it was not a statutory requirement to retender the provision of these services it was considered good practice.

**Proposal:** The Audit Committee therefore proposed that National Museums Northern Ireland continued its existing engagement with KPMG through the 06/07 financial year after which the provision of internal audit services would be re-tendered. Professor E McLaughlin proposed the motion which was seconded Ms P McLaughlin.

Mr Harvey advised Board members that McClure Watters had been appointed by the Northern Ireland Audit Office to carry out the external audit of the museum on their behalf.

## **7. WHOWHATWHEREWHENWHY (W5)**

### **7.1 Minutes of W5 Board meeting held on 18 May 2006**

Board members noted the minutes of the W5 Board meeting held on 18 May 2006.

### **7.2 Minutes of W5 Board meeting held on 27 June 2006**

Board members noted the minutes of the W5 Board meeting held on 27 June 2006.

### **7.3 Minutes of W5 Board meeting held on 24 August 2006**

Board members noted the minutes of the W5 Board meeting held on 24 August 2006.

### **7.4 Verbal report of meeting held on 26 September 2006**

In the absence of the Chairman of W5, Dr Walker, the Chairman reported that Dr Montgomery had reported good visitor figures and a good financial performance as per the Executive Summary.

## **8. ANY OTHER BUSINESS**

### **8.1 Outreach Programme**

Mr Montgomery requested that Board members be given a full update on the outreach programme at the January Board meeting.

## **9. DATE AND VENUE OF NEXT MEETING**

The next meeting of the Board of Trustees would take place on 26 January 2007 at 1100 hrs in the Evans Room, Cultra Manor at the Ulster Folk and Transport Museum.