
Governance Principles & Procedures

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Principles

1. Purpose

The British Museum Act 1963 (see Annex 1) sets out the fiduciary responsibilities¹ of the Board of Trustees. The Act states that the Trustees may make rules for regulating their proceedings and for other matters relevant to the exercise of their functions. This document sets out the Board's rules for ensuring that its statutory obligations are met and that high standards of governance are maintained. It takes account of good corporate governance practice, including government regulation and guidance. All Trustees and staff should abide by the principles and procedures in this document.

2. Aim of the British Museum

The British Museum was founded in 1753 to hold a collection representative of world cultures for the benefit and education of humanity, and to ensure that the collection is housed in safety, conserved, curated, researched and exhibited. Under the British Museum Act 1963, the Trustees of the British Museum are responsible for the safekeeping and care of the collection for current and future generations, and for making it available to those who wish to see it.

3. Governance Principles

- 3.1 The Board will act in accordance with: the British Museum Act 1963; relevant charity and trust law; and any other legislation that applies to it.
- 3.2 Through its decision-making, the Board will ensure that the Museum acts in accordance with the laws, regulations and other applicable standards of good practice that apply to it as an Executive Non-Departmental Public Body.
- 3.3 The Board will act with integrity, transparency and impartiality, and will exercise due skill, care and diligence in performing its functions. In particular, it will abide by its Standards of Conduct Policy (see Annex 2), the Nolan Principles of Public Life (see Annex 3), and will manage any actual or potential conflict of interest appropriately (see Annex 4).
- 3.4 The Board will, within the resources available to it, exercise its powers in such a way that it promotes:
 - i. the national and international role of the Museum;
 - ii. the conservation, enrichment and care of the Collection;
 - iii. a wide understanding of, and access to the Collection;
 - iv. research relating to the Collection;

¹ Meaning the Trustees' responsibilities under the British Museum Act 1963. Trustees also have responsibilities from other areas of law such as the Health and Safety at Work etc Act 1974 and have fiduciary duties under common law.

- v. the use, care and development of the Museum's buildings and sites;
 - vi. the reputation of the Museum;
 - vii. transparency and efficiency in the administration of the Museum and in particular, quality in financial planning and reporting; and
 - viii. financial sustainability, including fundraising, to enable the Museum to fulfil its aim in perpetuity.
- 3.5 The Board will approve a Strategy, supported by an Operating Plan and Budget.
- 3.6 The Board will discharge its responsibility for the general management and control of the Museum through the Director as set out in these Governance Principles and Procedures.
- 3.7 The Board will provide support and constructive challenge to the Museum. The Board is committed to ensuring the Museum is an inclusive, modern and open workplace and one in which staff are confident and enabled to provide the information, advice and feedback necessary to the Board.

The Board

4. Board business

- 4.1 The Board will usually meet four times a year, but the Chair of the Board may convene additional meetings at his/her discretion. Meetings may be held away from the Museum from time to time.
- 4.2 In accordance with the British Museum Act 1963, a quorum of six Trustees is required for each Board meeting. Attendance by telephone or electronic means at meetings is permitted.
- 4.3 On the recommendation of the Chair, the Board will appoint up to three Deputy Chairs who will share responsibility for deputising for the Chair when required. The Board will nominate one of the Deputy Chairs to assume the role of Chair in an emergency that renders the Chair unable to fulfil his or her role for any reason. Such a nomination will be on an interim basis only and should not continue for more than three months before a new Chair is appointed using the procedure outlined in 5.1 below.
- 4.4 The Director and the members of the Museum's executive, the Directorate Group, will usually be required to attend each Board meeting. With the approval of the Director, the Chair may also request the attendance of, or submission of papers from, any member of staff on a particular agenda item.
- 4.5 The Chair may seek advice from independent experts and may request their attendance for a particular agenda item.
- 4.6 The Board has sole authority over its agenda and exercises this through the Chair. The agenda for Board meetings will be determined by the Chair, in consultation with the Director. Any Trustee may request, through the Chair, the addition of an item to the agenda.
- 4.7 The Board will carry out its role with discipline, focussing on matters of strategy, performance and risk management. Board discussion should be constructive and open, and Trustees should feel free to

give their honest opinion. The Chair will endeavour to obtain consensus, but may call for a vote where he/she feels it is necessary. In the event of a tied vote, the Chair will have a second or casting vote.

- 4.8 The agenda will follow a format agreed by the Board. This will include brief reports from the Chair, the chairs of the permanent committees and the Director.
- 4.9 The Board will discharge its responsibilities between Board meetings by delegating authority within the limitations set out in the Governance Principles and Procedures to the Standing Committee or the Chair, whilst retaining its ultimate legal accountability for the general management and control of the Museum.
- 4.10 Trustees who are unable to attend a Board meeting may ask the Chair to make representations on their behalf on any matter on the agenda.
- 4.11 Trustees will notify the Chair before, or at, the Board meeting of any actual or potential conflict of interest that may arise in the consideration of any agenda item; the Chair will decide what action should be taken, which may include the Trustee withdrawing from the meeting, or not taking part in the discussion of the agenda item in question. A Trustee should not participate in any decision or vote held on any agenda item over which they have an actual or potential conflict. Any declaration of interest and action taken in response will be recorded in the Board or committee minutes.
- 4.12 Board minutes will be kept by the Secretary and will be subject to approval by the Board. Minutes will record decisions taken and identify issues raised, and will be published on the Museum's website once approved. Unless the context clearly requires, or a Trustee requests otherwise for exceptional reasons, the minutes will not normally record the individual opinions of Trustees.

5. The Chair

5.1 Appointment of the Chair

- 5.1.1 The Board appoints its Chair from amongst the Trustees, exercising its powers under the British Museum Act 1963 to make rules regulating its proceedings. The Nominations and Remuneration Committee will make recommendations to the Board on the selection process for the Chair. The Chair will play no part in the selection process.
- 5.1.2 The Board will determine the terms and conditions of the appointment of the Chair. The total term served by the Chair shall not exceed the total term a Trustee is permitted to serve by schedule 1 of the British Museum Act 1963.
- 5.1.3 Any political allegiance of a Trustee will not be a bar to appointment as Chair, but he/she should not be under a party whip on taking up the appointment.

5.2 Role of the Chair

- 5.2.1 The Chair provides leadership to the Board and is responsible for ensuring that:
- i. the Board meets its statutory obligations, and that Trustees operate within these British Museum Governance Principles and Procedures;
 - ii. the governance structure is appropriate, and that membership of the Board and its committees has the appropriate level of skills, knowledge and experience;
 - iii. Board meetings are chaired effectively, making best use of the time by focussing on matters of strategy, performance and risk management;
 - iv. Trustees have sufficient information to provide them with assurance and to help them make decisions;
 - v. Trustees maintain the distinction between their role and that of the Director and management, in particular respecting the delegated authorities;
 - vi. Trustees feel able to have a free and frank exchange of views, and that all are encouraged to participate, with no individual Trustee dominating discussion;
 - vii. new Trustees receive an induction programme and that there is a regular programme of training available during a Trustee's term;
 - viii. conflicts of interest are managed appropriately and that Trustees follow the British Museum's guidance note on the Register of Interests and any guidance from the Museum's principal regulator under the Charities Act (see Annex 4);
 - ix. the Board's objectives, views, decisions and instructions are clearly communicated to the Director;
 - x. the Director is held to account by the Trustees and provided with the support required to meet his/her objectives, and his/her performance is reviewed annually;
 - xi. he/she meets regularly with the Director between Board meetings and reports to the Board as appropriate on such meetings; and
 - xii. there is an annual appraisal of the performance of the Board and Trustees.
- 5.2.2 The Chair will lead the process for the appointment of the Director, but his or her appointment remains the responsibility of the Trustees as a whole and is subject to the approval of the Prime Minister.
- 5.2.3 The Board gives the Chair authority on all matters relating to governance. In particular, the Chair may make any decision, take any action or enter into any obligation on behalf of the Board within the

general spirit of these Governance Principles and Procedures. The Chair will brief Trustees promptly and report formally to the next meeting of the Board on any material or sensitive exercise of this authority.

6. Role of Trustees

- 6.1 Trustees are accountable to the Chair of the Board in respect of anything that they do in their capacity as representatives of the Board.
- 6.2 All Trustees are responsible for:
 - i. meeting their fiduciary responsibilities;
 - ii. operating in accordance with the Nolan Principles of Public Life and the British Museum's Standards of Conduct Policy (see Annex 2);
 - iii. abiding by the terms of these BM Governance Principles and Procedures;
 - iv. abiding by the terms of the Cabinet Office Code of Conduct for Board Members of Public Bodies 2019 (see Annex 3);
 - v. respecting the principles of collective decision-making and corporate responsibility, supporting the Board's decisions once they have been made;
 - vi. declaring any actual or potential conflicts of interest as soon as possible after they arise (see Annex 4);
 - vii. respecting the boundary between the Board's governance role and the management role of the Director and his/her senior team;
 - viii. raising any issues of concern about the Museum's management with the Chair of the Board, or relevant committee chair; and
 - ix. respecting the confidentiality of Trustee business at all times.
- 6.3 Trustees are expected to attend at least 75% of Board meetings and the meetings of committees on which they sit, either in person, or by phone or electronic means. Apologies should be sent to the Chair of the Board or committee, or the relevant secretary before meetings.
- 6.4 All Trustees are expected to participate in the annual review of the Board's performance, and to contribute to the appraisal of the Chair and the Director when requested.
- 6.5 Trustees may not benefit directly or indirectly, financially or otherwise, from their role as a Trustee, including being employed by the Museum for any purpose, without the approval of the British Museum's charity regulator.

The Director

7. Delegated authority

- 7.1 The Director of the Museum is appointed by the Trustees, with the approval of the Prime Minister, under the provisions of the British Museum Act (1963). Under this Act, the Director is responsible to the Trustees for the care of all property in their possession and for the general administration of the Museum.
- 7.2 The Director provides the link between the Board and the management functions of the Museum.
- 7.3 All Board authority granted to the management and staff of the Museum is delegated through the Director.
- 7.4 The Board will agree with the Director specific objectives to meet the Museum's aims and agreed strategic priorities. These will be reflected in the Operating Plan and Budget.
- 7.5 The Board authorises the Director to establish any policy or practice, make any decision, enter into any obligation, take any action or develop any activity that will achieve the aims of the Museum, provided it falls within a reasonable interpretation of the Limitations and Reserved Powers in the Board's Governance Principles and Procedures, and any other policy adopted by the Board from time to time.
- 7.6 The Board may change the Limitations and Reserved Powers at any time, in consultation with the Director.
- 7.7 If the Director judges it necessary or expedient to take action beyond the scope of the Limitations and Reserved Powers, he/she will inform the Chair of the Board immediately in writing, with reasons.
- 7.8 The Director has authority to recruit all Museum staff, but is expected to consult the Chair on the appointment of Deputy Directors, and may invite Trustees to be involved in the appointment process where appropriate.

8. Accountability

- 8.1 The Director will provide assurance on statutory compliance, adherence to policies agreed by the Board and the management of risk.
- 8.2 The Director is accountable to the Board for delivery of the Strategy, the Operating Plan objectives and Budget, and for observance of the Limitations and Reserved Powers.
- 8.3 The Director will provide oral or written reports on performance at each Board meeting. The Director will exercise his/her judgement on what should be reported to Trustees. The Director will also ensure that he/she meets with the Chair at least once a month to discuss performance.
- 8.4 As Accounting Officer, the Director is also accountable to the Accounting Officer of the Museum's sponsor government department and to parliament on the stewardship of the Museum's resources.

- 8.5 An annual appraisal of the Director's performance will be led by the Chair, in consultation with the Trustees. The Chair may use the services of independent advisers and consult with the Museum's sponsor government department. The appraisal will be taken into account by the Nominations, Remuneration & People Committee when considering the Director's remuneration.
- 8.6 The Director will appoint a senior leadership team – the Directorate Group. The Director will inform the Chair and the Board of any restructure that alters the composition of this senior team, and the Director will permit members of the senior leadership team to report to the Board on their performance.

9. Monitoring

- 9.1 The Director is expected to report to the Board on performance in delegated areas of responsibility, particularly where this has a bearing on the achievement of the Strategy, Operating Plan objectives and Budget.
- 9.2 The Standing & Finance Committee has the authority of the Board to review quarterly reports on the achievement of the Museum's Operating Plan objectives, its financial position and the return on its investments.
- 9.3 The Board can request information on any area of the Museum's activity at any time in order to satisfy itself that its fiduciary responsibilities are being carried out effectively.

10. Trustee – Director Relationships

- 10.1 Individual Trustees in their relationships with the Director and staff of the Museum should at all times respect the authority delegated to the Director. Except where directed by the Chair, an individual Trustee does not carry the authority of the Board.
- 10.2 If a Trustee has any concerns about the performance of the Director or staff, these should be raised with the Chair of the Board first.
- 10.3 Documents executed under the Common Seal of the Board will be recorded and authenticated by the signature of two of:
- the Director;
 - the Deputy Directors;
 - the Director of Resources;
 - the General Counsel; and
 - the Head of Finance.

11. Limitations

- 11.1 The Director will not normally allow any breach of the authority granted to him/her by the Board, including the delegations, the limitations set out below, or policies approved by the Board. Where this is required in exceptional circumstances, he/she must report the reasons in writing to the Chair of the Board.
- 11.2 The Director will:
- i. follow the Museum's objects in allocating the capital and resources of the Museum;

- ii. follow the Strategy and approved Operating Plan and Budget outside the tolerances specified below, except with the prior approval of the Board;
- iii. act to ensure that the Museum is not in breach of its duties as an exempt charity;
- iv. ensure the Museum is operating with an effective system of internal controls;
- v. seek the approval of the Trustees for any commitments within the approved Operating Plan and Budget of more than £2m;
- vi. seek the approval of the Trustees to any variation to the approved Operating Plan and Budget that will result in changes to estimated surplus/deficit or changes in funding from unrestricted reserves of more than £1 million within the financial year;
- vii. ensure that acquisitions to the Collection are made with due regard to the Board's policy on the investigation of provenance, and in any event will seek the approval of the Trustees on any acquisition valued in excess of £1 million whether purchased or received by donation; and
- viii. seek the approval of the Trustees before authorising the loan of any object or aggregate of objects in excess of £5 million, or which may be considered to be of a culturally sensitive nature, or to present a reputational risk.

12. Board Reserved Powers

- 12.1 The Board reserves to itself certain powers, which limit the delegations to the Director.

Reserved powers: statutory duties

- 12.2 The Board will establish processes to ensure that, consistent with the British Museum Act 1963; relevant charity and trust law; and any other legislation that applies to it ("Acts"):
- i. objects comprised in the Collection of the Museum are kept within the authorised repositories;
 - ii. objects comprised in the Collection are made available for inspection by members of the public, so far as it is judged practicable;
 - iii. objects in the Collection are loaned having regard to the interests of visitors to the Museum, to the physical condition and degree of rarity of the object in question, and to any risks to which the objects are likely to be exposed and any risks the loan is likely to expose the Museum to; and
 - iv. objects in the Collection are not disposed of otherwise than in the circumstances prescribed by law whether under the Acts or otherwise.

Other reserved powers

- 12.3 The following matters are reserved to the Board or its committees:
- i. approval of the Museum's Strategy and the Operating Plan and Budget, and review of performance against these;
 - ii. approval of the Museum's Annual Report and Accounts;
 - iii. approval of the Museum's risk tolerance statement and an annual report risk;
 - iv. approval of the Museum's security strategy;
 - v. approval of any high risk and unusual decisions or matter which may have a material effect on the Museum's financial position or reputation;
 - vi. approval of any major alterations to the Museum sites;
 - vii. approval of major partnership arrangements with other organisations;
 - viii. approval of the five Trustee appointments made by the Board under the British Museum Act 1963, and their reappointment and removal;
 - ix. approval of the appointment, reappointment and removal of the Chair;
 - x. the appointment of the Director (which is subject to the approval of the Prime Minister) and his or her removal;
 - xi. determining the remuneration of the Director (within the limits set by the Cabinet Office);
 - xii. determining the powers delegated by the Board to the Director;
 - xiii. the review of the effectiveness of the Board and its committees;
 - xiv. approval of the Museum's internal and public policies;
 - xv. approval of any changes to these Governance Principles and Procedures; and
 - xvi. all other matters outside the ordinary scope of the delegations to the Director as set out in these Governance Principles and Procedures.
- 12.4 The Board reserves the right to be informed by the Director of any allegations of thefts from the Collection.

Board Committees

13. Permanent and Sub-committees

- 13.1 The Board will be supported by three permanent committees – the Standing & Finance Committee, the Audit, Risk & Compliance Committee, and the Nominations, Remuneration & People Committee. The terms of reference of the permanent Board committees are set out below. The Board may form other

committees when necessary. They will be constituted as sub-committees of the Board. A summary of the committees and their roles is at Annex 5.

- 13.2 Board committees will observe the same rules of conduct and procedure as the Board, unless the Board determines otherwise.
- 13.3 The Chair will appoint members of the Board committees, taking account of the views and recommendations of the Nominations, Remuneration & People Committee and the chair of the relevant committee. The usual term of appointment will be four years. The Chair will decide on reappointment for a further term of up to four years, in consultation with the Nominations, Remuneration & People Committee and the relevant committee chair.
- 13.4 The Chair may co-opt non-Trustee members to some committees to provide specialist skills, knowledge or experience, in consultation with the Nominations, Remuneration & People Committee and the chair of the relevant committee. Co-opted members will have equal status to Trustee members, but cannot be in the majority when a vote is required. Co-opted members will not sit on the Board, Standing & Finance Committee or Nominations, Remuneration & People Committee.
- 13.5 The chair of each committee will be appointed by the Chair of the Board and will be a Trustee unless agreed otherwise by the Board.
- 13.6 Board committees will only speak or act for the Board when they have been authorised to do so by the Board. The authority given to a committee will not derogate from the authority delegated to the Director.
- 13.7 A Trustee or co-opted member will not serve on a committee if they have, or may be seen to have, a conflict of interest that could interfere with the exercise of their independent judgement in respect of committee business. The Chair of the Board will be responsible for making the final decision on conflicts of interest matters and any action required.
- 13.8 Board committees will review their performance periodically, and will review the skills required for committee effectiveness. The committee chair will report the outcome of the review to the Board Chair and chair of the Nominations, Remuneration & Standing Committee.
- 13.9 The senior staff usually required to attend committee meetings will be stated in the terms of reference. The Board Chair or relevant committee chairs may request the attendance of any Trustee, member of staff, or external expert or adviser for a specific item of committee business, in consultation with the Director.
- 13.10 Minutes of the all committee meetings, once approved, will be submitted with Board meeting papers for information at the earliest opportunity.
- 13.11 The Chair of the Board will decide on the dissolution of an ad-hoc committee, in consultation with the relevant committee chair and the Nominations and Remuneration Committee.
- 13.12 The Board will approve any changes to the permanent committees, including their role and structure.

14. Standing & Finance Committee: Terms of Reference

The Standing & Finance Committee is constituted to discharge the authority of the Trustees' and to receive updates from the Director and the Directorate Group in periods between meetings of the full Board. The Standing & Finance Committee serves as the Board's principal means of exercising oversight over the Museum's finances, commercial performance and its operations.

Responsibilities

The Standing & Finance Committee is primarily constituted to, but is not limited to:

- Review the Museum's operating plan, recommend approval to the Board and receive quarterly updates on its implementation.
- Review the Museum's budget, recommend approval to the Board and receive quarterly updates on the Management Accounts.
- Receive updates on and maintain an overview of the Museum's long-term financial projections and strategy.
- Receive updates on and maintain an overview of the Museum's commercial strategy and performance.
- Administer on behalf of the Board the Museum funds by appointing necessary advisers, directing the use of available funds and taking other appropriate action;
- Authorise anything outside the Director limitations;
- Approve policies and strategies on behalf of the Board, except where the Chair determines that a policy or strategy should be authorised by the Board; and
- Review the efficiency and effectiveness of resource use.

Powers and Process

- The Standing & Finance Committee has the authority of the Board to discharge its functions between Board meetings, but will not have the power to vary the Strategy.
- The Standing & Finance Committee will usually meet at least four times a year. The Chair of the Standing & Finance Committee may convene additional meetings as he/she deems necessary.
- The Chair of the Standing & Finance Committee and the Director will agree an agenda for Standing & Finance Committee meetings.
- The Chair of the Standing & Finance Committee will report to Trustees on Standing & Finance Committee business as soon as possible after each meeting.

- Quarterly reports will be circulated to the Board for information after they have been discussed at a Standing & Finance Committee meeting.
- The Chair of the Standing & Finance Committee may, in consultation with the Director, request the attendance of any member of Museum staff to either attend a Standing & Finance Committee meeting, or provide written report(s) to the Standing & Finance Committee. The Chair of the Standing & Finance Committee may also invite Trustees who are not members to attend a meeting as observers, or to provide advice on a particular matter.
- The Chair of the Standing & Finance Committee may invite external experts or advisers to attend meetings.
- Where the Standing & Finance Committee is unable to meet at the appropriate point in the financial planning cycle, the budget and operating plan will be submitted to the full Board for approval.

Composition and Quorum

- The Chair of the Board will chair the Standing & Finance Committee, and the Deputy Chairs will be members. Up to six other Trustees may be appointed to the Standing & Finance Committee. Co-opted members are not permitted.
- A quorum of three members must be present in person, or by telephone or electronic means at each meeting.
- The Director and the Directorate Group will usually be required to attend Standing & Finance Committee meetings.
- The Governance Manager will provide secretariat to the Committee.
- The Chair may ask any of those who would normally attend but are not members to withdraw to facilitate open and frank discussion of particular matters.

15. Audit, Risk & Compliance Committee: Terms of Reference

The Committee is constituted as a committee of the Board of Trustees, to support the Board and the Accounting Officer in their responsibilities for issues of risk, control and governance by reviewing the comprehensiveness, reliability and integrity of assurances provided to them.

Membership

- The Committee may include up to ten members (Trustees and co-opted members).
- The Committee may co-opt additional, independent members to provide specialist skills knowledge or experience.

- A Trustee with professional financial experience will serve as Chair of the Committee.
- The Committee identifies and periodically reviews the skills required for its effectiveness.
- The Committee should corporately aim to possess knowledge/skills/experience (as appropriate and required) in:
 - accounting
 - risk management, governance and control
 - audit
 - the management of an organisation of equivalent size and profile
 - the wider relevant environment in which the Museum operates
 - the government environment and accountability structure
 - business or commerce
 - safeguarding the Collection
 - handling of the response to terrorism
 - knowledge of communications
- All members of the Committee should have, or acquire as soon as possible after appointment, an understanding of the government environment and accountability structures and be familiar with the objectives, functions, structure and culture of the Museum. Appropriate induction training will be arranged for new members where required.

Reporting

- Minutes of the Committee meetings are provided to the Board after each meeting.
- The Committee will provide an Annual Report to the Board, timed to support finalisation of the accounts and Governance Statement, summarising its conclusions from the work that it has done during the year.

Responsibilities

The Committee will advise the Board and Accounting Officer on:

- The strategic processes for risk, control compliance and governance and the Governance Statement;
- The accounting policies, the accounts, and the annual report of the Museum, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
- The planned activity and results of both internal and external audit;
- The adequacy of management response to issues identified by audit activity, including external audit's management letter;
- Assurances relating to the corporate governance requirements of the Museum, the operation of the Governance Principles and Procedures, and recommendations to the Board on any changes required;
- Assurances relating to the management of risk ;
- (where appropriate) proposals for tendering for either Internal or External Audit services or for purchase of non-audit services from contractors who provide audit services; and
- Anti-fraud and anti-bribery policies, the whistle-blowing policy, and arrangements for special investigations.

The Committee will also periodically review its own effectiveness and report the results of that review to the Board.

The Committee acts as the Audit, Risk & Compliance Committee for the whole Museum group, including the British Museum Friends.

Rights & Authorities

- The Committee has the authority on behalf of the Board to require the Director to take such measures as it deems fit to ensure the effectiveness of the Museum's systems of internal control and, in particular, to remedy these and any other shortcomings relevant to its tasks, which it identifies in the course of its review process.
- The Committee has the authority on behalf of the Board to require any member of the Museum to either attend an Audit, Risk & Compliance Committee meeting or provide written report(s) to the Committee for the purpose of providing information to assist the Committee in fulfilling its role of providing advice to the Board.
- The Committee may obtain independent professional advice as it thinks necessary to aid it in its responsibilities, subject to budgets agreed by the Board.

Access

- There are mutual rights of free and confidential access between the Chair of the Committee, the Accounting Officer and the Head of Internal Audit.
- There is an annual bilateral meeting between the Chair of the Audit, Risk & Compliance Committee and each of these parties to ensure a clear understanding of expectations and current issues.
- There are also mutual rights of free and confidential access between External Audit and these parties.

Meetings

- The Audit, Risk & Compliance Committee will usually meet four times a year. The Chair of the Committee may convene additional meetings, as they deem necessary;
- A minimum of three members (including two Trustees) must be present in person or by telephone or electronic means for the meeting to be deemed quorate;
- Audit, Risk & Compliance Committee meetings will normally be attended by the Accounting Officer, Deputy Directors responsible for operations and the collection, the Director of Resources, the Director of Communications & Governance, the Head of Internal Audit, a representative of External Audit a DCMS Director of Finance representative, and, for focus risk presentations, the risk owner for the area of focus;
- The Audit, Risk & Compliance Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters;
- The Board or the Accounting Officer may ask the Committee to convene further meetings to discuss particular issues on which they want the Committee's advice.

16. Nominations, Remuneration & People Committee

Task

The Nominations, Remunerations & People Committee is constituted as a

permanent committee of the Board of Trustees to consider matters relating to the appointment of Trustees; the appointment and performance of the Chair of Trustees; the performance and performance-related remuneration of the Director; and to have oversight of the Museum's staff management and direct engagement with the Museum's staff through a Trustee designated to act as the Committee's employee engagement lead. The Committee's remit will cover:

Trustee appointments

- Lead on Trustee succession planning, reviewing the skills needs and diversity of the Board at least annually;
- Draw up role specifications for Trustee appointments, in consultation with the relevant appointing body;
- Identify suitable candidates for Trustee appointments made by ministers and solicit applications, ensuring that the Board of Trustees is invited to suggest candidates;
- Lead on the recruitment of the five Trustees appointed by the Board, making recommendations to the Board on the most suitable candidates for appointment;
- Make the case for the reappointment of Trustees to the relevant appointing body if the Nominations, Remunerations & People Committee considers such reappointment appropriate, taking account of the Chair of the Board's assessment of the respective Trustee's performance;
- Provide advice to the Board Chair on membership and the skills needs of the Board committees;
- Appoint a Trustee as a Member to the Board of the American Friends of the British Museum.
- Assess and report annually to the Board on the performance of the Chair of the Board and of the Board, ensuring that at least every three years the review of Board performance includes an element of independent assessment;
- Make recommendations to the Board on the Director's remuneration, including determining the level of the Director's annual bonus, in line with the limits approved by the Cabinet Office, and taking account of the Chair of the Board's review of the Director's performance against objectives set by the Board; and
- Make recommendations to the Board on the process for recruitment of the Chair of the Board.

People, culture and staff engagement

- Receive reports from the Director of Resources and the Head of HR on the Museum's HR strategy, including, HR staff engagement initiatives;
- Receive reports from the Director and the Director of Resources, and advise them on, senior management recruitment and promotion.

The Director of Resources will, in consultation with the Director, report any material allegations of misconduct and harassment, anonymized at her/his discretion. The Director and the Committee Chair will inform the Committee and the full Board as appropriate, within the parameters of the Governance Principles & Procedures and the authority delegated therein to the Director.

Process

The Nominations, Remuneration & People Committee will meet at least twice each year and otherwise as required.

The Chair and Director will agree meeting agendas.

In considering candidates for appointment to the Board, the Nominations, People and Remuneration Committee will take account of the need to ensure a proper balance of skills and expertise, and to ensure diversity.

In considering the performance of the Board and the Chair, the key measures of effectiveness will be the satisfactory achievement of the Museum's aim through the implementation of the Strategy and the objectives set in the Operating Plan and Budget, as well as adherence to these Governance Principles and Procedures.

The Chair of the Board and management will withdraw from the meeting during the Nominations, Remunerations & People Committee's discussion of his/her performance.

The Nominations, Remunerations & People Committee chair will provide oral reports on committee business at each Board meeting.

The Nominations, Remunerations & People Committee may obtain independent professional advice as it thinks necessary to aid it in its responsibilities, subject to budgets agreed by the Board.

Composition and Quorum

The Nominations, Remunerations & People Committee membership will include the Chair of the Board, the Deputy Chairs and up to four other members. This is to include a Trustee designated as an employee engagement lead, with responsibility for understanding staff sentiment and reflecting this in the work of the Committee and the Board. This Trustee will also act as a whistleblowing champion.

As a body, the Committee will have, or acquire as soon as possible after appointment, an understanding of the Museum's approach to people management and the context in which it fulfils this function as an exempt charity.

Co-opted members are not permitted.

The Chair of the Board, or a Deputy Chair, will chair the committee.

A quorum of three members must be present in person or by telephone or electronic means at each meeting.

The Director will usually be required to attend Nominations, Remunerations & People Committee meetings. The Director will withdraw from the meeting during any discussion of his/her performance or remuneration.

17. Management Committees

- 17.1 Trustees may be asked by the Director to sit on management-led committees to provide expertise and advice. As members of these committees, they will be acting in a personal, advisory capacity, not as a Trustee or representative of the Board.

18. The Secretariat

- 18.1 The Director will ensure that the Chair and the Trustees are provided with an effective Secretariat, including a member of BM staff appointed to act as Board Secretary. Each committee of the Board will also be assigned a secretary.
- 18.2 The Board Secretary will:
- i. act on the instructions of the Chair on all matters relating to the Board's business;
 - ii. provide effective management of meetings and related events;
 - iii. take minutes of Board meetings and keep records of papers and proceedings;
 - iv. ensure the prompt circulation to Trustees of the agendas, minutes and papers;
 - v. respect the confidentiality of Trustee private business;
 - vi. maintain the Register of Interests and make it available on request;
 - vii. provide advice to the Chair, the Director, committee secretaries and Museum staff on good governance practice; and
 - viii. report to the Director on operational matters relating to Trustee business.
- 18.3 The secretary to each of the Board committees will perform a similar function to the Board Secretary in respect of their committee's business.

***Reviewed and approved by the Board of Trustees on 21 March 2024.
To be reviewed not later than 2029.***

Governance Principles & Procedures: Annexes

1. British Museum Act 1963
2. British Museum Standards of Conduct Policy 2020
3. *Code of Practice for Boards of Public Bodies*, Cabinet Office June 2019
4. British Museum Register of Interests guidance note and *Charitable Museums and Galleries: A guide to conflicts of interest policies, trustee benefits and transactions between trustees and charities*, DCMS and the Charity Commission 2008
5. Trustee committees

BRITISH MUSEUM ACT 1963

1963 CHAPTER 24

An Act to alter the composition of the Trustees of the British Museum, to provide for the separation from the British Museum of the British Museum (Natural History), to make new provision with respect to the regulation of the two Museums and their collections in place of that made by the British Museum Act 1753 and enactments amending or supplementing that Act, and for purposes connected with the matters aforesaid.

Royal Assent 10th July 1963

BE IT ENACTED by the Queen =s most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:-

1. Altered composition of British Museum Trustees

(1) From the commencement of this Act, the body known as the Trustees of the British Museum shall continue to exist as a body corporate, with perpetual succession and a common seal, having the general management and control of the British Museum, but shall consist of twenty-five persons appointed as follows, that is to say -

- (a) one appointed by Her Majesty;
- (b) fifteen appointed by the Prime Minister;
- (c) four appointed by [the Secretary of State] on the nominations of the Presidents of the Royal Society, the Royal Academy, the British Academy and the Society of Antiquaries of London respectively; and
- (d) five appointed by the Trustees of the British Museum.

(2) The provisions of the First Schedule of this Act shall have effect with respect to the tenure of office and proceedings of the Trustees.

Annotations

Sub-s (1): in para (c), reference to A the Secretary of State @ substituted by

virtue of the Transfer of Functions (National Heritage) Order 1992, SI 1992/1311. Art 3(1), Sch 1, Part 1 (superseding earlier amendments).

2 General powers of Trustees

The Trustees of the British Museum shall have power, subject to the restrictions imposed on them by virtue of any enactment (whether contained in this Act or not), to enter into contracts and other agreements, to acquire and hold and land and other property, and to do all other things that appear to them necessary or expedient for the purposes of their functions.

3 Keeping and inspection of collections

(1) Subject to the provisions of this Act, it shall be the duty of the Trustees of the British Museum to keep the objects comprised in the collections of the Museum within the authorised repositories of the Museum, except in so far as they may consider it expedient to remove them temporarily for any purpose connected with the administration of the Museum and the care of its collections.

(2) Where it appears to the Trustee that any such objects cannot conveniently be kept within the authorised repositories, they may store them at other premises in Great Britain if satisfied that they can be stored in those premises without detriment to the purposes of the Museum.

(3) It shall be the duty of the Trustees to secure, so far as appears to them to be practicable, that the objects comprised in the collections of the Museum (including objects stored under the preceding subsection) are, when required for inspection by members of the public, made available in one or other of the authorised repositories under such conditions as the Trustees think fit to impose for preserving the safety of the collections and ensuring the proper administration of the Museum.

(4) Objects vested in the Trustees as part of the collections of the Museum shall not be disposed of by them otherwise than under section 5 or 9 of this Act [or section 6 of the Museums and Galleries Act 1992].

Annotations

Sub-s (4): words in square brackets added by the Museums and Galleries Act 1992, s 11(2), Sch 8, para 5.

4 Lending of objects

The Trustees of the British museum may lend for public exhibition

(whether in the United Kingdom or elsewhere) any object comprised in the collections of the Museum:

Provided that in deciding whether or not to lend any such object, and in determining the time for which, and the conditions subject to which, any such objects is to be lent, the Trustees shall have regard to the interests of students and other persons visiting the Museum, to the physical condition and degree of rarity of the object in question, and to any risks to which it is likely to be exposed.

5 Disposal of objects

(1) The Trustees of the British Museum may sell, exchange, give away or otherwise dispose of any object vested in them and comprised in their collection if -

- (a) the object is duplicate of another object, or
- (b) the object appears to the Trustees to have been made not earlier than the year 1850, and substantially consists of printed matter of which a copy made by photography or a process akin to photography is held by the Trustees, or
- (c) in the opinion of the Trustees the object is unfit to be retained in the collections of the Museum and can be disposed of without detriment to the interests of students:

Provided that where an object has become vested in the Trustees by virtue of a gift or bequest the powers conferred by this subsection shall not be exercisable as respects that object in a manner inconsistent with any condition attached to the gift or bequest.

(2) The Trustees may destroy or otherwise dispose of any object vested in them and comprised in their collections if satisfied that it has become useless for the purposes of the Museum by reason of damage, physical deterioration, or infestation by destructive organisms.

(3) Money accruing to the Trustees by virtue of an exercise of the powers conferred by this section [or section 6 of the Museums and Galleries Act 1992] shall be laid out by them in the purchase of objects to be added to the collections of the Museum.

Annotations

Sub-s (3): words in square brackets inserted by the Museums and Galleries

Act 1992, s 11(2), Sch 8, para 5.

6 Staff

(1) There shall be a Director of the British Museum, who shall be a person appointed by the Trustees with approval of the Prime Minister and shall hold office on such terms and subject to such conditions as the Treasury may direct, and who shall be responsible to the Trustees for the care of all property in their possession and for the general administration of the Museum.

(2) The Trustees may, subject to the consent of the Treasury as to numbers and conditions of service, appoint such other officers and servants as the Trustees think fit; and there shall be paid to the Director and to officers and servants so appointed such salaries, allowances and other remuneration as the Treasury may determine.

(3) ...

Annotations

Sub-s (3): repealed by the Superannuation Act 1965, s 104(2), Sch 11.

7 Reports by Trustees

The Trustees of the British Museum shall within three years after the commencement of this Act and subsequently at intervals of not more than three years prepare and lay before each House of Parliament a report on the Museum.

8 Separation of Natural History Museum

(1) There shall be a body corporate, with perpetual succession and a common seal, known as the Trustees of the [Natural History Museum] and hereafter in this Act referred to as ~~the~~ Natural History Trustees @, which from the commencement of this Act shall have the general management and control of the [Natural History Museum]; and on that commencement the functions with respect to that Museum of the Trustees of the British Museum shall cease.

(2) The Natural History Trustees shall consist of twelve persons appointed as follows, that is to say -

- (a) eight appointed by the Prime Minister;
- (b) one appointed [by [the Secretary of State] on] the nomination

of the President of the Royal Society; and

(c) three appointed by the Natural History Trustees.

(3) Sections 2 to 7 of this Act and the First Schedule thereto shall apply in relation to the [Natural History Museum] and the Trustees thereof as they apply in relation to the British Museum and the Trustees thereof, but with the following adaptations, that is to say -

(a) section 4 shall apply as if, after the words A may lend for public exhibition @ there were inserted the words A or research @;

(b) the First Schedule shall apply as if in paragraph 4 (which specifies the quorum at meetings) the word A four @ were substituted for the word A six @.

(4) The Second Schedule to this Act shall have effect in relation to transitional matters arising in consequence of the enactment of this section.

Annotations

Sub-ss (1), (3): words in square brackets substituted by the Museums and Galleries Act 1992, s 11(2), Sch 8, para 1(3)(a).

Sub-s (2): first words in (outer) square brackets substituted by SI 1988 / 1836, art 2(2); words A the Secretary of State @ substituted by virtue of the Transfer of Functions (National Heritage) Order 1992, SI 1992 / 1311, art 3(1), Sch 1, Part 1.

9 Transfers to other institutions

(1) Any movable property vested in the Trustees of either Museum may be transferred by them to the Trustee of the other Museum, ...

(2) ...

Annotations

Sub-s (1): words omitted repealed by the Museums and Galleries Act 1992, s 11(3), Sch 9 (superseding earlier amendment).

Sub-s (2): repealed by the Museums and Galleries Act 1992, s 11(3), Sch 9.

10 Authorised repositories

(1) The buildings for the time being occupying the sites described in Parts I and II of the Third Schedule to this Act shall be the authorised repositories for the collections of the British Museum and the [Natural History Museum] respectively.

(2) [The Secretary of State] may], with the agreement of the Trustees concerned, by order amend the said Schedule by adding a reference to a further site, or deleting the reference to the whole or any part of a site, or altering the description of a site: and any such order shall be made by a statutory instrument, and shall be subject to annulment in pursuance of a resolution of either House of Parliament.

(3) A building or site vested in the Trustees of either Museum, being an authorised repository or the site of an authorised repository, shall not be sold or otherwise disposed of by them.

Annotations

Sub-s (1): words in square brackets substituted by the Museums and Galleries Act 1992, s 11(2), Sch 8, para 1(3)(a).

Sub-s (2): first words in (outer) square brackets substituted by SI 1988 / 1836, art 2(2); words AThe Secretary of State @ substituted by virtue of the Transfer of Functions (National Heritage) Order 1992, SI 1992 / 1311, art 3(1), Sch 1, Part 1.

11 *(Inserts 2A in the British Museum (Purchase of Land) Act 1984 (an enactment of local application).)*

12 *(Repealed by the Museums and Galleries Act 1992, s 11(3), Sch 9.)*

13 Short title, commencement, transitional provisions and repeals

(1) This Act may be cited as the British Museum Act 1963.

(2) Subject to the following subsection, this Act shall come into operation on such day as the Treasury may by order by statutory instrument appoint.

(3)-(5) ...

(6) Bylaws, ordinance, statutes or rules in force immediately before the commencement of this Act under section 14 or 15 of the British Museum Act 1753 shall not be invalidated by the repeal of that Act but shall have effect in relation to each Museum, with such modifications as may be

necessary in consequence of the provisions of this Act, as if they were rules made by the Trustees of that Museum under paragraph 5 of the First Schedule to this Act.

Annotations

Sub-s (3): repealed by the Statute Law (Repeals) Act 1978.

Sub-s (4): repealed by the Superannuation Act 1965, s 104(2), Sch 11.

Sub-s (5): repealed by the Statute Law (Repeals) Act 1974.

FIRST SCHEDULE

Tenure of Office and Proceedings of Trustees

Sections 1, 8

1. Each trustees shall hold office for such period as is specified in the instrument by which he is appointed, but that period shall not exceed ten years, or five years in the case of a person whose appointment takes effect at or within twelve months after the end of any period for which he was previously appointed a trustee of the Museum under this Act.

2. A trustee may resign his office by notice in writing served on the person or body who appointed him.

3. The functions of the Trustees may be exercised notwithstanding vacancies in their number.

4. The quorum at meetings of the Trustees shall be six.

5. The Trustees may make rules for regulating their proceedings and for other matters relevant to the exercise of their functions.

SECOND SCHEDULE

Transitional Provisions as to Separation of Natural History Museum

Section 8

1(1) The following property shall vest at the commencement of this Act in the National History Trustees, that is to say -

- (a) the objects vested immediately before that commencement in the Trustees of the British Museum and comprised in the

collections of the British Museum (Natural History); and

- (b) the lands and buildings at Tring referred to in the British Museum Act 1938.

(2) Such of the said objects as became vested in the Trustees of the British Museum by virtue of a gift or bequest shall be treated for the purposes of this Act as vested in the Natural History Trustees by virtue of a like gift or bequest.

2,3

4. Subject to the provisions of this Act, all matters and things having effect in relation to the British Museum (Natural History) immediately before the commencement of this Act shall continue as nearly as may be to have effect in relation to [the Natural History Museum] thereafter.

Annotations

Para 2, 3: repealed by the Museums and Galleries Act 1992, s 11 (3), Sch 9.

Para 4: words in square brackets substituted by the Museums and Galleries Act 1992, s 11(2), Sch 8, para 1(3)(b).

THIRD SCHEDULE
Sites of Authorised Repositories

Section 10

PART 1
BRITISH MUSEUM

1. So much of the site in London bounded by Great Russell Street, Bloomsbury Street, Bedford Square, Montague Place, Russell Square and Montague Street as was occupied at the commencement of this Act for the purposes of the British Museum.
2. ...
- [3. No 6 Burlington Gardens, London W1.
4. Nos 38/56 inclusive (even numbers only) Orsman Road, London N1.
5. The former Post Office Savings Bank Building, Blythe Road, London W14 together with the outbuildings in its grounds.]
- [6. No 23 Blythe Road, London W14.]
- 7,8. ...

Annotations

Paras 2-5, 7 as originally enacted repealed by SI 1973/1126.

Paras 3-5: added by SI 1984/1181, art 2, Sch 1.

Para 6: original para 6 repealed by SI 1984/1181, art 3, Sch 2; para 6 in square brackets added by SI 1995/1124, art 2.

Para 8: repealed by SI 1984/1181, art 3, Sch 2.

PART II
BRITISH MUSEUM (NATURAL HISTORY)

- [1. The site in London bounded by Queen =s Gate, Cromwell Road, Exhibition Road, and the premises of the Science Museum.]
2. The site in Tring Lying to the east of Akeman Street and to the north of Park Street occupied at the commencement of this Act for the purposes

of the British Museum (Natural History).

[3. The site in Trying lying to the West of Akeman Street known as 67 to 69 Akeman Street.]

[4. The site in Wandsworth known as 75 Kimber Road SW18 4NX.]

Annotations

Para 1: substituted by SI 1985/462, art 2.

Para 3: added by SI 1982/1238, art 2.

Para 4: added by SI 1982/1238, art 2; subsequently substituted by SI 1995 / 654, art 2.

THIRD SCHEDULE

(Repealed by the Statute Law (Repeals) Act 1974.)

Standards of Conduct policy

This policy was approved by the Trustees on 3 December 2020 and will be reviewed no later than 2025.

1. Introduction

This policy sets the standards of conduct which the Museum expects from its “representatives”, that is to say, its Trustees, staff, authorised volunteers and other “associated persons”¹, and those working within The British Museum Company Limited.

It is supplemented by the Museum’s Whistleblowing Policy; Fraud, Bribery and Corruption Prevention Policy; Anti-Money Laundering Policy; and related procedures and guidance notes.

2. Principles²

2.1 The Museum’s success depends on the trust and confidence of all those with whom the Museum and its subsidiaries come into contact. That trust and confidence depends on the Museum’s reputation for acting ethically, with integrity, and to the highest professional standards. Therefore the Museum expects its representatives to strive at all times to avoid acting in such a way as would, accidentally or otherwise, bring the Museum into disrepute.

2.2 The Museum expects its representatives to:

2.2.1 discharge its functions reasonably according to and with respect for applicable domestic and international law, ethical standards and the provisions of any relevant trust or legal condition;

2.2.2 apply the ethical standards governing their particular professions;

2.2.3 act with honesty and integrity, and never knowingly mislead any person;

2.2.4 protect confidential information obtained in their roles as Museum representatives;

¹ As defined by the Bribery Act 2010

² This policy takes account of the Cabinet Office *Model Code for staff of executive non departmental public bodies* and the Museum Association’s *Code of Ethics*, as well as the *Code of Ethics* issued by the International Council of Museums (ICOM). In the event of conflict this policy shall govern.

- 2.2.5 avoid bringing the Museum into disrepute;
- 2.2.6 recognise and acknowledge the contributions of others to the work and support of the Museum; and
- 2.2.7 be impartial, i.e.:
- i) ensure that they declare and make known personal interests and do not give or receive inducements which could be, or could be seen to be, corrupt or in conflict with the interests of the Museum;
 - (ii) adhere to the Seven Principles of Public Life³;
 - (iii) offer or provide services to any donor to the Museum on terms commensurate with those on which services are made available to other donors;
 - (iv) promote objectivity in research and public knowledge relating to the collection by working, where appropriate, with professional colleagues throughout the world regardless of their national, regional, local, ethnic, religious or political identity

2.3 In furtherance of these principles Trustees and senior officers of the Museum shall make known to the Board or the Director:

2.3.1 any actual or potential conflict between their own and the Museum's interests that might arise or might be perceived to arise in the mind of an impartial observer; and

2.3.2 any actual or potential pecuniary interest they or a member of their close family may have in any fundraising, investment or commercial dealings entered into or proposed by or to the Museum.

2.4 The Museum maintains registers of interests, donations and benefits whether received directly or to the British Museum Friends.

2.5 The Code of Conduct for Staff sets out the detailed rules for the application of these principles in the specific circumstances of Museum employees.

³ *Seven Principles of Public Life* (Nolan Committee; March 1996)

Nolan's Seven Principles of Public Life

Selflessness

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Holders of public office should promote and support these principles by leadership and example



Cabinet Office

June 2019

Code of Conduct for Board Members of Public Bodies



Foreword

The Government expects all holders of public office to work to the highest personal and professional standards. In support of this, all non-executive board members of UK public bodies must abide by the principles set out in this Code of Conduct. The Code sets out, clearly and openly, the standards expected from those who serve on the boards of UK public bodies and should form part of individual members' terms and conditions of appointment. It also makes clear that harassing, bullying or other inappropriate or discriminatory behaviour is not consistent with what is expected of a board member of UK public bodies and will not be tolerated. Any breach of the Code should be viewed as a breach of the terms of appointment.

The principles set out in this code apply to all non-executive members on the boards of government departments, non-ministerial departments, executive agencies, non-departmental public bodies (NDPBs) and national public corporations.

The Code complements a public body's governing documents (legislation, memorandum and articles of association, royal charter) and any administrative documents (framework agreements, memoranda of understanding) which may set out the responsibilities and obligations of its board members. The Code's provisions must be observed alongside the provisions set out in these documents.

This Code replaces the Code of Conduct for Board Members of Public Bodies issued by the Cabinet Office in 2011. This Code can be found online at <https://www.gov.uk/public-bodies-reform>

In the first instance any propriety and ethics issues should be raised with the senior responsible official within your sponsoring department, or the Permanent Secretary as necessary. If additional advice is required, any questions should be directed to the Cabinet Office on: pbpropriety@cabinetoffice.gov.uk

1. Introduction

As a public office holder, your behaviour and actions must be governed by the principles set out in this Code of Conduct. It is your responsibility to ensure that you are familiar with, and comply with, all the relevant provisions of the Code.

2. Key principles of public life

- 2.1 The key principles upon which this Code of Conduct is based are the Seven Principles of Public Life.¹ These are:

Selflessness

Holders of public office should act solely in terms of the public interest.

Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Honesty

Holders of public office should be truthful.

Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

- 2.2 These principles should inform your actions and decisions as a board member.

¹ <https://www.gov.uk/government/publications/the-7-principles-of-public-life>

3. General Conduct

Use of Public Funds²

- 3.1 You have a duty to ensure the safeguarding of public funds³ and the proper custody of assets which have been publicly funded.
- 3.2 You must carry out these obligations responsibly – that is, take appropriate measures to ensure that the body uses resources efficiently, economically and effectively, avoiding waste and extravagance. It will always be an improper use of public funds for public bodies to employ consultants or other companies to lobby Parliament, Government or political parties.

Allowances

- 3.3 You must comply with the rules set by the board and the public body regarding remuneration, allowances and expenses. It is your responsibility to ensure compliance with all relevant HM Revenue and Customs' requirements concerning payments, including expenses.

Gifts and Hospitality

- 3.4 You must not accept any gifts or hospitality which might, or might reasonably appear to, compromise your personal judgement or integrity or place you under an improper obligation.
- 3.5 You must never canvass or seek gifts or hospitality.
- 3.6 You must comply with the rules set by the body on the acceptance of gifts and hospitality. You should inform the Chief Executive (or equivalent) of any offer of gifts or hospitality and ensure that, where a gift or hospitality is accepted, this is recorded in a public register in line with the rules set by the body.
- 3.7 You are responsible for your decisions on the acceptance of gifts or hospitality and for ensuring that any gifts or hospitality accepted can stand up to public scrutiny and do not bring your public office and the public body into disrepute.

Use of Official Resources

- 3.8 You must not misuse official resources⁴ for personal gain or for political purposes. Deployment of such resources must be in line with the body's rules on their usage.

Use of Official Information

- 3.9 You must not misuse information gained in the course of your public service for personal gain or for political purpose.⁵
- 3.10 You must not disclose any information which is confidential in nature or which is provided in confidence without authority. This duty continues to apply after you have left the board.

2 For more guidance on how to handle public funds, please refer to Managing Public Money <https://www.gov.uk/government/publications/managing-public-money>

3 This should be taken to include all forms of receipts from fees, charges and other sources.

4 This includes facilities, equipment, stationery, telephony and other services.

5 Board members who misuse information gained by virtue of their position may be liable for breach of confidence under common law or may commit a criminal offence under insider dealing legislation

Political Activity

- 3.11 In your public role, you should be, and be seen to be, politically impartial. You should not occupy a paid party political post or hold a particularly sensitive or high-profile role in a political party. You should abstain from all controversial political activity and comply with the principles set out in Cabinet Office rules on attendance at party conferences⁶ and on conduct during the period prior to elections and referendums, whether local or national.⁷
- 3.12 On matters directly related to the work of the body, you should not make political statements or engage in any other political activity.
- 3.13 You should inform the Chair, Chief Executive and/or the parent/sponsor department before undertaking any significant political activity. Subject to the above, you may engage in political activity but should, at all times, remain conscious of your responsibilities as a board member and exercise proper discretion.
- 3.14 If you are an MP, [MEP⁸], member of the House of Lords, member of a devolved legislature, directly elected mayor, local councillor or police and crime commissioner, you are exempt from these requirements. There is no bar on such representatives taking a political party whip relating to their political role. You must exercise proper discretion on matters directly related to the work of the body and recognise that certain political activities may be incompatible with your role as a board member. You should not allow yourself to become embroiled in matters of political controversy.
- 3.15 In your official capacity, you should be even-handed in all dealings with political parties.

Employment and Appointments

- 3.16 If you wish to take up additional employment or appointments during your term of office, you must inform the Chair and/or the relevant parent department in advance, and allow them the opportunity to comment. Care should be taken if you accept additional public appointments to ensure that you are not being paid twice from the public purse for the same time.
- 3.17 On leaving office, you must comply with the rules of the body on the acceptance of future employment or appointments. Each body should have its own rules on this.

4. Conflicts of Interests

- 4.1 When accepting an appointment to the public body you should consider if any conflicts of interest arise from your private interests or by virtue of any other roles you hold. You should consider, with advice from the appointing department how these should best be managed, and agree these with the organisation.
- 4.2 You must ensure that no conflict arises, or could reasonably be perceived to arise, between your public duties and your private interests, financial or otherwise.

6 www.gov.uk/government/publications/civil-servants-and-party-conferences-guidance

7 www.gov.uk/government/publications/election-guidance-for-civil-servants

8 For the period which the UK remains a member of the European Union.

- 4.3 You must comply with the rules of the body on handling conflicts of interests. As a minimum, these will require you to declare publicly, usually in the body's register of interests, any private financial or non-financial interests of your own, or of close family members, which may, or may be perceived to, conflict with your public duties.⁹ The rules will also require you to remove yourself from the discussion or determination of matters in which you have a financial interest. In matters in which you have a non-financial interest, you should not participate in the discussion or determination of a matter where the interest might suggest a danger of bias.¹⁰
- 4.4 It is your responsibility to ensure that you are familiar with the body's rules on handling conflicts of interests, that you comply with these rules and that your entry in the body's public register of members' interests is accurate and up-to-date.

5. Responsibilities as a board member, including non-executive chairs

- 5.1 You should play a full and active role in the work of the body. You should fulfil your duties and responsibilities responsibly and, at all times, act in good faith and in the best interests of the body.
- 5.2 You should promote an inclusive and diverse culture in the body and your actions should help create an environment where different perspectives and backgrounds are encouraged and valued.
- 5.3 You should deal with the public and their affairs fairly, efficiently, promptly, effectively and sensitively, to the best of your ability. You must not act in a way that unjustifiably favours or discriminates against particular individuals or interests.
- 5.4 You must not harass, bully or act inappropriately towards or discriminate towards others. Such behaviour is not consistent with what is expected of you as a board member and will not be tolerated.
- 5.5 You must comply with any statutory or administrative requirements relating to your post.¹¹
- 5.6 You should respect the principle of collective decision-making and corporate responsibility. This means that, once the board has made a decision, you should support that decision.¹²
- 5.7 You must not use, or attempt to use, the opportunity of public service to promote your personal interests or those of any connected person, firm, business or other organisation.
- 5.8 You must inform the sponsor department of the body of any bankruptcy, current police investigation, unspent criminal conviction or disqualification as a company director in advance of appointment, or should any such instances occur during your appointment.

9 In general, all financial interests should be declared. When considering what non-financial interests should be declared, you should ask yourself whether a member of the public, acting reasonably, would consider that the interest in question might influence your words, actions or decisions.

10 These are common law provisions.

11 In the case of a body incorporated under the Companies Act <https://www.legislation.gov.uk/ukpga/2006/46/contents> or the Companies (Northern Ireland) Order <http://www.legislation.gov.uk/nisi/1986/1032>, you will also be subject to the duties of directors under company law. In the case of a body that has charitable status, you will also be subject to the duties of trustees under charities law.

12 This does not apply to departmental non-executive board members, whose role is to advise and challenge the board and department.

- 5.9 You must also inform the sponsor department of the body of any change in your circumstances which results in you becoming bankrupt, subject to a police investigation, convicted of a criminal offence or disqualified from being a company director.
- 5.10 You have additional responsibilities as the chair of the body in leading the board/body and in ensuring that the principles covered in the Codes of Conduct for Board Members and Staff (where applicable) are upheld.

6. Responsibilities towards employees

- 6.1 You will treat any staff employed by the body with courtesy and respect. It is expected that employees will show you the same consideration in return.
- 6.2 You will not ask or encourage employees to act in any way which would conflict with their own Code of Conduct.

7. Social media

- 7.1 Social media is a public forum and the same considerations, including the provisions of this Code, apply as would to speaking in public or writing something for publication, either officially or in a personal capacity. When engaging with social media you should at all times respect confidentiality, financial, legal and personal information.
- 7.2 Where any personal social media accounts used by you make reference or link to your public role, you should take care to ensure that it is clear in what capacity you are acting.

8. Raising concerns

- 8.1 You should ensure that the body has an open, transparent and safe working environment where employees feel able to speak up and raise concerns, and complaints procedures are clearly communicated to them.
- 8.2 If you have a concern about a possible breach of this Code, a concern that you or any staff of the body are being asked to act in contravention of their own code of conduct, or a concern about misconduct or wrongdoing in any other areas, then you have a responsibility to raise that internally with the chair of the body or the Permanent Secretary of the sponsor department as appropriate.

British Museum Register of Trustees' Interests

November 2014

The purpose of the Register of Interests of the Trustees of the British Museum Board and Co-opted members of Trustee committees is to list pecuniary interests or other material benefits appropriate to the body's activities which a Trustee¹ receives and which members of the public might reasonably think could lead to a conflict arising in his or her participation in the decisions of the Board, or action taken in his or her capacity as a Trustee of the Board.

Trustees are invited to keep that overall purpose in mind when registering their interests. It is left to individual Trustees to give the required information; each member is ultimately responsible for his or her own entry. However it is recommended that, if in doubt, Trustees should disclose full information. This reduces the likelihood of failure to identify a connection of which a Trustee is unaware, but which an external observer would nonetheless consider to suggest a conflict of interest.

Registration of financial interests is an additional safeguard against the inadvertent omission of Trustees' declaration of any relevant interest at the time when they contribute to the discussions, considerations and decisions of the Board or when they communicate with other members of the Board or Museum Management or other staff.

CATEGORIES OF REGISTERABLE INTERESTS

Trustees are invited to register their interests under five categories, which are represented by the following headings:

Remunerated Directorships, Partnerships and Trusteeships

Trustees are asked to register remunerated directorships, partnerships or trusteeships which they may hold in public or private companies, partnerships or trusts with which the Museum is currently contractually involved or where there is some reasonable likelihood of a future contracted involvement. This also applies to directorships which may themselves be unremunerated but where the companies in question are associated with or subsidiaries of a company in which the Trustee holds a remunerated directorship.

Remunerated employment, office, profession etc.

Trustees are asked to register outside employment, professions and sources of remuneration not covered elsewhere. However, this would apply only to connections with public or private companies with which the Museum is currently contractually involved or where there is some reasonable likelihood of a future contractual involvement.

Registerable shareholdings

Trustees are asked to register the name of any company or body in which, to their knowledge, they have a beneficial interest in a shareholding which represents more than 5% of the issued share capital or 5% of the voting rights of the company or body. The request extends to holdings in which the interest is held by or on behalf of the Trustee's spouse or dependent children but does not apply to shareholdings controlled on a discretionary basis by investment managers and which are outside the Trustee's day to day control. In exceptional circumstances disclosure is not required if, in the opinion of the Chair of the Board of Trustees, contractual involvement between the company or body and the British Museum is unlikely.

¹ Hereafter the term "Trustee" is assumed to include co-opted members of Trustee committees.

Registerable interest in land or property

Trustees are asked to register the details of any land or property in which the Trustee or Trustee's spouse or dependent children has a direct interest. This request applies only in circumstances where the Museum is contractually involved or there is some reasonable likelihood of a future contractual involvement in relation to that land or property.

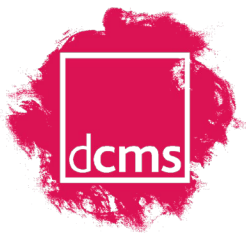
Miscellaneous and unremunerated interests

This is a discretionary section for use by Trustees wishing to register interests, including unremunerated interests, which do not clearly fall within any of the specific categories but which they consider to be relevant to the definition of the Register's purpose.

ADMINISTRATION AND INSPECTION OF THE REGISTER

The Governance and Planning Manager will be responsible for the compilation and annual maintenance of the Register of Trustees' Interests. It is the responsibility of the Trustees to notify the Governance and Planning Manager of changes to their registerable interests.

Copies of the Register may be obtained for public inspection on application to the Governance and Planning Manager.



department for
culture, media
and sport



Charitable Museums and Galleries:

**A guide to conflicts of interest
policies, trustee benefits and
transactions between trustees
and charities**

DCMS's aim is to improve the quality of life for all through cultural and sporting activities, support the pursuit of excellence, and champion the tourism, creative and leisure industries.

The Charity Commission is the independent regulator of charities in England and Wales. Its aim is to provide the best possible regulation of charities in England and Wales in order to increase charities' effectiveness and public confidence.

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1 Introduction

What is this guidance about?

This guidance explains how charity trustees can identify and manage conflicts of interest which arise in their charities and how they should deal with any transactions which involve a trustee benefit or are conducted between a trustee and the charity.

Who should read this guidance?

It is intended principally for members of the governing bodies of charitable museums, galleries and libraries including those that are sponsored by the Department for Culture, Media and Sport (DCMS). The members of the governing bodies of charitable museums, galleries and libraries are charity trustees.

The legal requirements and good practice recommendations are also applicable to other charities.

Who has prepared it?

It has been prepared by the Charity Commission (the Commission) and the DCMS and is endorsed by the Museums, Libraries and Archives Council.

The Commission is the independent regulator of charities in England and Wales. More information about the Commission together with a range of guidance for charities can be found on its website: www.charitycommission.gov.uk, or by ringing its contact line: 0845 300 0218.

The DCMS is responsible for Government policy on museums and galleries, the arts, sport, the National Lottery, tourism, libraries, broadcasting, creative industries, press,

licensing, gambling and the historic environment. It currently sponsors 22 museums and galleries, most of which are charities. More information about the DCMS can be found on its website: www.culture.gov.uk, or by ringing its contact line: 020 7211 6200.

What is the scope of this guidance?

This guidance reflects the Commission's regulatory approach to dealing with conflicts of interest and transactions which involve a trustee benefit or are conducted between a trustee and the charity. Charities are also able to approach the Court for authorisation in respect of these matters. However, charities are advised to approach the Commission first.

In using this guidance, a "must" means it is a specific legal or regulatory requirement affecting trustees or a charity. Trustees must comply with these requirements. The word "should" is used for items regarded as good practice, but for which there is no specific legal requirement.

The Annex to this guidance is intended as a guide to how to deal with some of the common conflict of interest and trustee benefit situations that may arise in charitable museums and galleries. It is not intended to be an exhaustive guide on how to deal with all issues or to the legal framework which underpins these issues. Whether the general guidance is appropriate in a particular case will depend on all of the facts of that case. If the trustees are uncertain how to deal with a particular situation that arises, we recommend that they contact the Commission for advice.

Terms used in this guidance

Charity trustees

In this guidance the term 'trustee' means charity trustee. Charity trustees are the people with responsibility for the general control and management of the administration of the charity. In the charity's governing document they may be known as trustees, directors, board members, governors or committee members.

Governing document

Governing document means the document that sets out the charity's purposes and, usually, how it is to be run. The most common forms of governing document are formal legal documents such as trust deeds, constitutions and memorandum and articles of association. In the case of the national museums and galleries sponsored by the DCMS, the governing document will be the relevant Act or Acts of Parliament that set out their charitable purposes, for example the Museums and Galleries Act 1992.

A governing document may contain specific powers in relation to conflicts of interest and benefits to trustees. It should be consulted whenever these issues arise or an important decision has to be made.

Exempt charities

Many museums and galleries are charities, including those that are sponsored by DCMS.

Some charities are exempt from the Commission's supervisory regulation. This is because they are supervised by, or are accountable to, some other body. Most of the

national museums and galleries that are accountable to the DCMS are exempt charities. Exempt charities must still comply with charity law.

The Charities Act 2006 introduces the concept of principal regulators who are responsible for the regulation of particular charities. In the case of exempt charities that are museums and galleries, the DCMS is their principal regulator.

The Commission can help exempt charities in a number of ways. For example, it can provide information and advice and it can authorise certain transactions which would otherwise be contrary to charity law. The Charities Act 2006 also extends the Commission's role for exempt charities by amending the Charities Act 1993.

Further guidance on exempt charities can found in the Commission's guidance, Exempt Charities (CC23) which is available on its website at: www.charitycommission.gov.uk/publications/cc23.asp

Why is this guidance important?

It is recognised that it is inevitable that conflicts of interest will arise from time to time in the course of a charity's business. However, unmanaged conflicts of interest and unauthorised benefits to a trustee can damage the charity's reputation and the reputation of the individual trustee. Even the appearance of a conflict of interest can damage a charity's reputation, so conflicts must be managed carefully. Many conflict of interest situations will also involve transactions between the charity and the trustee. Trustees must be aware of the rules, separate to those for conflicts of interest, which govern these transactions.

If trustees do not manage conflicts and ensure that they act within their powers, they may incur personal liability. Transactions may also be open to challenge and as a result the reputation of the charity and its ability to effectively carry out its purpose may be damaged.

What general responsibilities do trustees have?

Trustees have and must accept ultimate responsibility for directing the affairs of a charity and ensuring that it is solvent, well-run, and delivering the charitable outcomes for which it has been set up. They must ensure that the charity complies with charity law and the requirements of the Commission, as well as with the requirements of the general law and other regulators which govern the activities of the charity. Trustees must always use reasonable care and skill in their work, using their personal skills and experience as needed. Trustees must also comply with the requirements set out in the charity's governing document.

When applying the charity's income, trustees must spend it solely for the charitable purposes set out in the charity's governing document. They should avoid undertaking activities that might place the charity's funds or assets at undue risk. They should consider taking professional advice on matters where there is a significant risk to the charity, or where they may be in breach of their duties.

An effectively run charity considers the impact that it has and wants to have on the people who benefit from it. It should be clear about its objects and mission and how these will be achieved. In order to achieve its mission and deliver its services efficiently, a charity needs appropriate structures, policies and procedures which should be followed and its

resources should be ordered to enable it to optimise its potential. A charity should be accountable to the public and other stakeholders and be flexible enough to influence and adapt to changes to meet the needs of its beneficiaries.

Trustee bodies should be clearly identifiable and have the right balance of skills and experience to enable the trustees to act in the best interests of the charity's beneficiaries. Trusteeship is a skill that grows over time with experience and, where necessary, training. The selection, recruitment and induction of new trustees should be handled in a manner that allows new trustees to make an immediate contribution to the quality of a charity's governance and work. This should aid the charity to produce better results for its beneficiaries and stakeholders and also greater confidence and fulfilment for the new trustees themselves.

More information on the role, duties and responsibilities of charity trustees can be found in the Commission's publication, 'The Essential Trustee: What you need to know' (CC3) which is available on its website at:

www.charitycommission.gov.uk/publications/cc3.asp

More information about charity effectiveness can be found in the Commission's publication, 'The Hallmarks of an Effective Charity' (CC60) which is available on its website at:

www.charitycommission.gov.uk/publications/cc60.asp

More information about trustee recruitment, selection and induction can be found in the Commission's publication, 'Trustee Recruitment, Selection and Induction' (RS1) which is available on its website at:

www.charitycommission.gov.uk/publications/rs1.asp

2 Conflicts of Interest

i) What is a conflict of interest?

A conflict of interest is any situation in which a trustee's personal interests or responsibilities that they owe to another body may, or may appear to, influence or affect the trustee's decision making.

Trustees must act reasonably and prudently in all matters relating to the charity and must always bear in mind that their prime concern is the charity's interests. This means that trustees must avoid putting themselves in a position where their personal interests or responsibilities conflict with their duty to act in the interests of the charity.

However we recognise that conflicts of interest do arise. Many trustees have a variety of interests which is often to the charity's advantage and the majority of trustees act with integrity. However, even the appearance of a conflict of interest can damage the charity's reputation, so conflicts need to be managed carefully.

ii) How do trustees identify a conflict of interest?

Conflicts of interest may come in a number of different forms. Broadly speaking conflicts of interest affecting trustees arise in three ways: direct financial gain or benefit to the trustee; indirect financial gain or benefit to the trustee and conflicts of loyalty. Common situations where conflicts of interest arise are described in section 2 (v) below.

iii) What action are trustees required to take?

If the trustees have identified a potential conflict of interest, the first thing to do is to establish whether the situation includes benefits to any trustees. If this is the case, the

benefit must be authorised. Further information on trustee benefit is set out at section 3 (i) below.

If there is no benefit to any trustee, no authority will usually be required, (although if the conflict of interest involves a transaction between the charity and the trustee consideration will need to be given to the rules in this area – see section 5 below), but the trustees must ensure that the conflict of interest is properly managed.

iv) How do trustees ensure that a conflict of interest is properly managed?

All trustees need to be aware of possible conflicts of interest that they might have and that there may still be a conflict which needs managing even if a trustee has recently resigned. A key aspect of managing conflicts of interest is to be open and transparent. All trustees should advise their fellow trustees of any actual or potential conflicts of interest as soon as they arise.

The Commission recommends that charities should have a policy on how they will deal with any conflicts of interest and should operate a trustee register of interests which will assist the charity in identifying areas where conflicts of interest are likely to arise. Further information on what a good conflicts of interest policy should contain is set out in section 6 (i) below.

The Commission encourages trustees to make the operation of the charity as transparent as possible. With this in mind the trustees may decide to make their policy on conflicts of interest available to the public and to make some or all of their register of interests publicly available.

It is good practice to ensure that prospective trustees consider the question of possible conflicts of interest before they are appointed. If new trustees are elected by the charity's membership, we recommend that the membership is made aware of any possible conflict of interests involving the individuals standing for election, so that they can take this into account when voting. It is good practice to ensure that when trustees are appointed, the person appointed and their appointing body are aware of their responsibilities as trustees, including in relation to conflicts of interest.

It is good practice at the beginning of a meeting for every trustee to declare any personal interest which he or she has in an item to be discussed, and certainly before any discussion of the item itself.

Where conflicts of interest arise in relation to a particular issue, for example in relation to the purchase of artwork or other property from a trustee, the trustee concerned should not vote on the issue and should withdraw from any meeting or discussion at which it is considered. Withdrawal from the meeting is likely to be the only way of adequately managing most conflicts of interest. However there may be some conflicts of interest, for example a conflict of loyalty, which may be considered to be so insignificant that withdrawal might not be necessary. Ultimately it is for the trustees to decide whether withdrawal is necessary when a conflict has been declared. It is good practice for a charity's governing document to include provisions to deal with conflict of interest situations and if a governing document does not include such provisions, trustees should consider amending it to do so.

When conflicts of interest arise, all details of the discussions and decisions made and the actions taken by the trustees to

manage the conflict should be properly recorded and documented. Entering the details in the register of interests should form one part of this recording and documenting and should be supported by clear minutes of any meeting at which the matter is discussed.

Although outside the scope of this guidance which is only concerned with trustees, to ensure openness and transparency, the charity may also wish to have policies to ensure that the conflicts of interests of its honorary officers and senior employees are also managed.

v) What are the common situations where conflicts of interest arise?

There are a number of situations in which conflicts of interest arise. The most common are:

Direct gain or financial benefit to a trustee, for example:

The charity buys goods or services from a trustee even if the charity pays the trustee less than the commercial rate. The trustees may wish to pay one of their number for providing particular services to the charity such as legal, accountancy or curatorial services, for undertaking a particular piece of work for the charity, or for acting as a trustee. Alternatively, the trustees may wish to employ one of their number in a separate post in the charity. These examples may constitute a direct benefit even if the trustee has resigned or proposes to resign.

More information about direct benefit where a trustee has resigned or proposes to resign can be found in the Commission's publication, 'Payment of Charity Trustees' (CC11) which is available on its website at:

<http://www.charitycommission.gov.uk/publications/cc11.asp>

The rules governing transactions between trustees and charities will also apply to these situations. See section 5 below for further details.

Indirect financial gain by a trustee, for example:

The charity employs a spouse or a partner of a trustee and the two individuals are financially interdependent. For example, if a partner of a trustee is an agent selling artwork to the charity or the charity awards a contract to another organisation which is controlled by a trustee or in which he or she has a substantial interest, such as a contract with a firm where one of the trustees is a partner.

The rules governing transactions between trustees and charities may also apply to these situations. See section 5 below for further details.

Conflict of loyalty affecting a trustee, for example:

A trustee is appointed to the charity by a local authority and the charity is subsequently involved in a transaction with that local authority.

A friend of a trustee is considered for employment by the charity.

These three situations are explored in more detail in sections 3 and 4 below.

3 Direct and indirect financial gain or benefit to a trustee

i) What is a trustee benefit?

Trustee benefit includes receipt of any property, goods or services which have a monetary value, as well as money. The law requires that trustees must not receive any direct or indirect benefit or financial gain from their charity unless they have express legal authorisation to do so. This authorisation will usually come from a clause in the charity's governing document, the Commission or the provisions of the Charities Act 1993 (as amended by the Charities Act 2006) ("The Charities Act").

There is a power for trustees to be paid for the provision of services in the Charities Act. Whether this statutory power can be used will depend on the terms of a charity's governing document. This power will include indirect benefits where a trustee's family member, company or firm are providing the goods or services. Several conditions will need to be satisfied before the trustees can make the payment, for example the payment terms must be reasonable.

The reimbursement of legitimate out-of-pocket expenses properly incurred by trustees in carrying out their duties as a trustee is not a benefit. This would include refunds of reasonable costs incurred for accommodation, travel or childcare in order to attend a trustee meeting.

ii) When is authority required?

If the charity's governing document or the Charities Act does not contain a suitable power to benefit trustees then the trustees must obtain prior authorisation from the Commission. This authorisation must be obtained for any

direct or indirect benefit to a trustee. The majority of cases where there is a trustee benefit will also involve a transaction between that trustee and the charity and therefore the special considerations for these transactions will also apply. Further information about this is set out in section 5 below.

However benefits to trustees can also arise incidentally. For example, this could happen where a Gallery buys and exhibits work by an emerging artist and a trustee also owns work by the same person. An incidental benefit could come from an increase in value to the trustee's personal property.

Whatever the nature of the benefit, it is always necessary to ensure that the conflict of interest is properly managed, for example by ensuring that the trustee involved does not participate in the decision to buy and exhibit that work.

Assessing whether there is in fact a benefit can be difficult in some circumstances. If the trustees are uncertain whether or not there is a benefit or a transaction requires authority from the Commission, we recommend that they contact the Commission for advice.

iii) What action are trustees required to take?

The trustees must ensure that all trustee benefits requiring authority are properly authorised.

Where there is no clause permitting trustee benefit in a charity's governing document and the power in the Charities Act does not apply, the trustees must contact the Commission for authority prior to paying the benefit to the trustee.

Where the charity is buying work or services from a trustee, it is important that the charity's internal acquisitions and

other relevant policies are followed. If internal procedures are not followed then trustees should be able to show that there is a good reason for not doing so. Internal decision making and wider governance principles should be followed, and the trustees' consideration of the issues should be properly recorded.

If trustees are in any doubt whether they have the appropriate authority to benefit trustees, we recommend that they contact their professional advisers or the Commission, or in the case of exempt charities, their Principal Regulator.

iv) What approach does the Commission take to trustee benefits?

Authorising trustee benefits:

The Commission usually considers requests to authorise trustee benefits on a case by case basis. The charity will need to demonstrate that the arrangement is clearly in the interests of the charity, that the rate of payment and other terms are reasonable and that the conflict of interest can be properly managed.

The Commission aims to ensure that the actions it takes are proportionate to the issue. In practice, this means that we may adopt different approaches to differing types of benefits to trustees. For example, the Commission has a more straightforward procedure for authorising payments to trustees for goods or services or under an employment contract if the payment is less than £50,000 in one year. The Commission does not expect charities to request authorisation for benefits to all its trustees totalling less than £1,000 each year, other than in exceptional

circumstances, for example where a transaction is likely to prove controversial. However, the trustees should not agree benefits for trustees even below £1,000 unless they consider that it is in the interests of the charity to do so.

Unauthorised trustee benefits:

If a trustee has received an unauthorised benefit from a charity, the Commission, or another interested party, could challenge the decision on the basis that the benefit was not authorised. Whether or not it is challenged, the trustee would be liable to repay the benefit or make good any loss unless the Commission forms the view that they should not. If the situation was also one which involved a transaction between the trustee and the charity then the transaction itself would be capable of being set aside (i.e. declared to be of no effect) – see section 5 below.

In forming a view, the Commission assesses the situation on its merits and ensures that any action it takes is proportionate and appropriate to the issue. In order to assess what action, if any, the Commission should take, it will require an explanation of why the benefit has been paid, whether there was any evidence of deliberate wrongdoing, the quality and clarity of the decision making process, what advantages, if any, the charity received from the situation and how the trustees would prevent a similar situation occurring in the future.

In many cases, if the Commission is content that no further action needs to be taken against the charity, then this in practice will be the end of the matter. However if a trustee is concerned about their personal liability arising from receiving an unauthorised benefit, the Charities Act provides

the Commission with the power to relieve a trustee's personal liability.

It is important to note that even where the Commission is content that no action needs to be taken against the charity, it does not have the power to authorise payments retrospectively. The Court, in exceptional circumstances, can authorise a trustee to keep an unauthorised payment. The Commission should be approached for advice if a charity is considering this option.

4 Conflicts of loyalty

Trustees' overriding duty is to act in the interests of their charity. Conflicts of loyalty are situations in which, although the trustee does not stand to gain any benefit as a result of a particular transaction, their duty to the body which appointed them, another organisation, another charity of which they are a trustee, or to a member of their family or other connected person may (or may appear to) influence or affect their decision making. Transactions in such situations do not strictly require authorisation from the Commission, but any conflict of loyalty must be properly managed. The trustees may wish to seek the advice of the Commission, for example if they have concerns about managing such conflicts and these may arise particularly if a transaction is controversial or in the public domain.

Trustees appointed by another organisation, such as by another Museum or Gallery or sponsoring body have exactly the same duties and responsibilities as other trustees. When conducting trustee business they must act only in the interests of the charity and not the appointing body.

5 Special considerations if there is a transaction between the trustees and the charity

i) What are these special considerations?

In law a charity has no power (without authorisation from the Commission or its governing document) to enter into a transaction with one of its trustees (sometimes known as “self dealing”). Such transactions can be set aside. This will generally only happen if it is concluded that the transaction has not been for the charity’s advantage. If the transaction is set aside, the practical consequences include that the property or monies transferred will need to be returned as well as reputational consequences for the charity.

ii) When is authority required?

If a transaction between the trustees and the charity also results in a benefit to a trustee, then if not authorised by the governing document or the Charities Act, the Commission’s prior authorisation must be obtained in any event as set out above. For transactions between the trustees and the charity which do not involve a trustee benefit, the Commission’s regulatory approach is that, despite the legal position set out above, authorisation does not need to be sought unless the trustees are concerned that there is a risk of challenge, for example if the transaction is controversial.

iii) What if it is a gift to the charity from one of its trustees?

Gifts from charity trustees are not strictly caught by the self dealing rules. However, they may involve a benefit to the trustee (e.g. where donated artwork is accepted by a national gallery, this may raise the profile of the trustee artist, potentially increasing the value of his works) and if there is a benefit, then it will need authorisation as set out above. The trustees should also consider whether there are any other conflicts of interest which should be appropriately managed.

6 Drawing up a conflicts of interest policy

i) What should a good policy contain?

A good policy should include guidance on the procedures to follow when a trustee is subject to a conflict of interest, such as:

- declaring interests at the beginning of each meeting;
- removing the trustee concerned from the decision-making process; and
- recording details of the discussions and decisions made.

We also recommend that trustees establish a register of interests. In recording all their other interests openly, any actual or potential conflicts of interest can be identified more easily. The register of interests should be regularly updated.

A good policy should:

- Define and distinguish between conflicts of interest, trustee benefits and transactions between trustees and charities;
- Set out how and by whom it will be monitored and enforced;
- Highlight the requirement to obtain legal authority before any transaction involving trustee benefit is undertaken;
- Be widely communicated and understood within the charity;
- Define all interests that trustees should declare, including business, personal and political interests and those of their spouse, partner, family and close relatives;

- Be part of a wider policy framework, for example a trustee handbook. It should also signpost and advocate the values contained in all relevant codes of conduct and other policies that the trustees are obliged to follow by the charity's sponsoring bodies.

7 Accountability and transparency

i) Why is it important for charities to be accountable and transparent?

By explaining their activities and decisions in an open and transparent way, including the extent to which charitable aims are being achieved, charities can demonstrate their effectiveness and be accountable to the public and other stakeholders.

Accountability and transparency can also help charities to demonstrate their independence from other bodies. This is important because charities must act to carry out their own charitable purposes and not be seen to act for the purpose of implementing the policies or directions of a governmental authority or of any other bodies.

Accountability and transparency also means welcoming both positive and negative feedback from stakeholders. Charities should develop well-publicised, effective and timely procedures for dealing with complaints about the charity and its activities. They should also develop a communications strategy that ensures that accurate and timely information is given to stakeholders including donors, beneficiaries and the media.

By operating in an accountable and transparent way, charities can avoid giving the impression of secrecy and help to promote public trust and confidence not only in that individual charity but also in the wider sectors in which they work.

ii) What is required by law?

Charities' Annual Report and Accounts are key documents in ensuring accountability and transparency. All charities are required to produce annual accounts, but there are different rules about the type of accounts that they must produce, depending on their financial size, whether they are incorporated as companies and whether they are exempt charities.

Charities are required by the Statement of Recommended Practice 2005 to disclose the full details of all related party transactions and trustee remuneration and benefits in their Annual Report and Accounts.

8 Selected further reading on conflicts of interest policies and trustee benefits

- *Payment of Charity Trustees* (CC11), The Charity Commission;
- *A Guide to Conflicts of Interests for Charity Trustees*, The Charity Commission;
- *Good Governance: A Code for the Voluntary and Community Sector*, 2005, Governance Hub;
- *Living Policy: A complete guide to creating and implementing policy in voluntary organisations*, 2004, NCVO;
- *The ICSA best practice guide to managing conflicts of interest in the not-for-profit sector*, 2005, ICSA;

Annex

Can our board decide to include an item from a trustee's collection or an art work of a trustee in one of its exhibitions? Even if the item or art work was made available to the museum or gallery on a free basis, he or she could benefit if the item or work increases in value as a result of the exhibition. The trustee might later be able to sell the item or work for a higher price.

Including trustee work in an exhibition or the gallery's permanent collection may advance the charity's purposes and be in its interests. A key question for trustees is whether prior authority is needed. Authority could come from the governing document or an application might need to be made to the Commission.

If the artist trustee is to receive any payment or fees for his or her work, the charity must have prior authorisation. This is the case whether or not there is to be a formal contract or agreement with the trustee.

Where the arrangement doesn't involve payments or fees to the trustee, there may still be incidental benefits, in this example, a consequent increase in value of the item or work. There could also be an incidental benefit to a trustee whose reputation as a collector is enhanced as a result of the item or work from his collection being exhibited.

Whether the benefit is direct or incidental, there will be a conflict of interest which should be recorded and must be managed, for example by the trustee not being involved in the decision to include his or her works in the exhibition.

In some cases it can be difficult to decide whether prior authority is required. Individual transactions often include sensitive, novel or controversial elements. If the trustees are

in any doubt whether authority is needed, they should ask the Commission or their Principal Regulator for advice.

What about those circumstances where the trustees decide that there is a clear advantage to the charity in buying goods or services from a trustee? For example, buying an item from a trustee's collection, buying work from an artist trustee, commissioning an artist trustee to produce work for the collection, or using a trustee to curate an exhibition. The trustees might decide that a member of the board is best placed to write a publication or give a lecture.

Trustees must only proceed in these scenarios if there is prior authority. Authority could come from the governing document, the Charities Act (for the provision of services) or an application might need to be made to the Commission.

There will be a conflict of interest which should be recorded and managed.

The trustees should consider the number of payment arrangements they have at any point in time which involve trustees. The higher the proportion of paid trustees, the greater the risk of undermining the charity's decision making process and exposing the trustees to criticism.

Inevitably some of our trustees have their own collections. They all have prior knowledge of our exhibition programme, which is discussed at board meetings. This could enable them to buy works or items that will be exhibited in the future at favourable prices, knowing that their value will increase because of the exhibition. Is this a problem?

In general, knowledge obtained by a trustee can be used by them for their own benefit or the benefit of other organisations unless:

- It has been given in confidence; or
- The knowledge is not available to the general public and has special value that could be used by a trustee for their personal benefit.

In this scenario it is likely that the information is commercially sensitive or confidential. The trustee must not use the information for their own benefit without seeking the prior authorisation of the Commission.

Sometimes there are occasions when one of our trustees has a connection with someone or a company that we are working with. The trustee might have a connection with an artist whose work we are planning to buy or exhibit. Alternatively, they may have a connection with the agent or dealer for the artist or with a company which proposes to sponsor an exhibition. How should we handle this?

Where these scenarios arise, a key question for the trustees is whether prior authority is needed. If authority is needed it could come from the governing document, the Charities Act, or an application might need to be made to the Commission.

Payments to an individual or organisation connected to a trustee may be an indirect trustee benefit that requires authority and it depends on the connection. Authorisation would be required where an individual with whom the charity was dealing was a member of the trustee's immediate household and had a financial relationship with the trustee.

If a museum or gallery is proposing to deal with a company in which a trustee has control or a substantial interest, authority will again be required. Generally we consider a

substantial interest to mean where a trustee or trustees have an interest in shares comprised in the equity share capital of that company with a nominal value of more than one fifth of that share capital or is able to exercise or control one fifth of the company's voting rights.

Whether or not there is an indirect benefit to be authorised, there will be a conflict of interest which should be recorded and managed.

Trustees should consider developing a clear framework for how they will assess and deal with contracts with commercial organisations such as sponsors. This may include clear guidelines on decision making processes the charity will follow and clear guidelines on what type of organisations with which the charity will associate itself. When developing this framework, the trustees should bear in mind the reputation and standing of the charity.

The Commission is happy to advise in complex or borderline cases.

Are we able to provide our trustees with free tickets/copies of museum or gallery publications?

Yes, where they need to receive publications or attend charity events as a means of effectively carrying out their trustee role. Where this is not the case, a trustee receiving free copies of publications produced by the museum or gallery could be a trustee benefit and the question of authority does arise. However, the Commission's usual regulatory approach is that it does not need to be involved if the benefits to trustees in one year total £1,000 or less but only if the trustees are satisfied that granting the benefit is in the interests of the charity.

One of our trustees is also a member of another board. In her other capacity she will be asked to make a decision which will affect our museum – how should this be dealt with?

Many trustees have a range of interests, both personal and professional, which may on occasion compete with their position at their charity. Competing loyalties do not prevent anyone from being a trustee, but as trustees must not put themselves in a position of personal conflict, if a conflict of interest arises, it should be managed.

In this case the trustee in question should follow the other organisation's conflicts of interest policy and act in the interests of that other organisation. The trustee will need to consider whether the decision is confidential or commercially sensitive and whether she can discuss it with the charity.

Conflicts of interest do arise in charity administration. We do not expect trustee bodies to avoid all conflicts because this will not always be in the charity's interests.

The conflict of interest should be recorded and managed.

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Board /Committee	Hierarchy	Remit
Board of Trustees	Board	To discharge statutory duties under the British Museum Act 1963 and Museums and Galleries Act 1992 for the general management and control of the BM. The Board appoints the Director with the approval of the Prime Minister, defines the strategic direction of the BM, and approves its execution in an operating plan drawn up in consultation with the Director.
Standing & Finance Committee	Board Committee	To discharge the functions of the Board between quarterly Board meetings, including monitoring achievement of the Operating Plan and to provide oversight of the Museum's finances.
Audit, Risk & Compliance Committee	Board Committee	To support the Board and the Accounting Officer in their responsibilities for issues of risk, compliance, control and governance by reviewing the comprehensiveness, reliability and integrity of assurances provided to them.
Nominations, Remuneration & People Committee	Board Committee	To advise on succession planning for Trustees and the Director, recommend candidates as Trustees for appointment, make recommendations on the Director's remuneration, and receive regular reports from the Director and his/her senior team on people management, including employee recruitment, retention, development and satisfaction.
Investment Sub-Committee	Board Committee	To advise the Board on the investment of the BM's funds and the performance of investment managers, and set and implement the investment strategy.
Collections & Research Committee	Board Committee	To provide advice and oversight of the BM's collections, exhibitions and display strategies and programme and its research programme, to monitor the implementation of strategies, provide quality assurance. To recommend loans and acquisitions to the Board for approval.
Masterplan Committee	Board Committee	To monitor projects over £25m on behalf of the Board and ensure that management implements projects in accordance with the scope, design and budget of the project as approved by the Board.