

MEETING OF THE BOARD OF TRUSTEES

Kensington Palace, Wednesday 30th November 2011

Minutes

Present: Charles Mackay (Chairman)
Sir Alan Reid (Deputy Chairman)
Sophie Andreae (except for 7.2.2)
Dawn Austwick
Ian Barlow
Liz Cleaver
Lord Dannatt
Sue Farr
Sir Trevor McDonald
Jonathan Marsden (until 5.2)
Sir Adrian Montague
Malcolm Reading



Historic Royal Palaces is the independent charity that looks after the Tower of London, Hampton Court Palace, the Banqueting House, Kensington Palace and Kew Palace. We help everyone explore the story of how monarchs and people have shaped society, in some of the greatest palaces ever built.

We receive no funding from the Government or the Crown, so we depend on the support of our visitors, members, donors, volunteers and sponsors.

Apologies:

In Attendance: Michael Day - Chief Executive
John Barnes - Conservation and Learning Director
Tania Fitzgerald - Finance Director
Richard Harrold - Tower Group Director
Graham Josephs - Human Resources Director
Alyson Lawton - Trust and Company Secretary

For item 4.4, the following members of staff joined the meeting:

David Souden - Head of Access and Learning
Nikki Lindsey - Community Relations Manager

1. Chairman's comments

1.1 The Chairman noted the full attendance at this meeting.

2. Minutes from previous meetings

2.1 The minutes of the meeting held on Wednesday 28th September 2011 were approved.

3. Matters arising from previous meetings

3.1 At the last meeting, the Board had asked the Chief Executive to consider the feasibility of extending the Strategic session to an away day in September for Trustees to look at the underlying strategic issues. It was concluded that at present, given the pressures on Trustees' time, this was unlikely to be practical. The Board agreed that the format used this September would be repeated for 2012 but the idea would be reviewed in the future.

The Chief Executive explained the plan for a further review of the Functions and Events function in 2012.

4. Strategic Development

4.1 Strategic Planning 2013-2015 – framework conclusions from the Executive Board's Strategic Review Session

4.1.1 The Board noted the contents of the report.

The Chief Executive explained why the report included, for the moment, a range

rather than a target for visitors in 2011-12. Conflicting reports of the impact of the Olympics on cultural institutions in London were making it difficult to conclude on visitor targets. Competition for advertising sites in London from the Olympics meant that we had also booked our own spaces for Historic Royal Palaces earlier than usual. He explained the special plans for opening the Tower and Hampton Court to visitors during the Olympics beyond the normal daytime hours. The target would be set following further analysis in December.

The Board discussed the 2012-15 initiative areas identified for the next three years. The Board asked the Chief Executive to reflect on whether there should be a specific initiative to encourage visitors from emerging markets. Noting our ambition to be better known, the Board suggested heritage sector-wide actions that would enhance our influence. Dawn Austwick asked about outreach in the broader sense of reaching out to people who would not normally visit us. She observed that 40% of Londoners come from a different cultural background. The Chief Executive would reflect on whether this would be adequately addressed in the work on domestic audiences.

The Board welcomed the Statement of Intent, which set out the ambition for the years to 2020 and proposed a number of measurable targets. After debate, the Board concluded that measurable targets were helpful to illustrate the order of aspiration. The Board reflected on the implications for 2018 as the year in which our contract to manage the Palaces would require re-authorisation. In our aim to become more widely known, it was suggested that this target should not just be expressed in visitor terms but should also refer to opinion formers.

The Board thanked the Chief Executive for the comprehensive summary of the thinking to date. He said that revisions would appear in the final draft of the Plan coming to Trustees in March 2012.

4.2 Review of Strategic Aim: Build one organisation united behind our Cause.

4.2.1 The Board noted the contents of the report. In summary, the Human Resources Director concluded that people management remained in good shape. The Board then discussed the report section by section.

The Board

- welcomed management's intention to have more apprenticeships.
- discussed progress in tackling poor performance and sickness absence levels. Sickness absence levels were in line with UK benchmarks but more can be done and early indications were that new processes were having a positive effect on reducing short term sickness levels.
- noted the best ever staff survey results and the award of IIP bronze status earlier this year.
- however, questioned whether enough progress was being made on diversity despite improvement year on year, and asked the Chief Executive to consider what more could be done.
- confirmed the other people management priorities for next year.

The Chairman thanked Graham Josephs for his clear and comprehensive report and congratulated him and his team on another year of strong progress.

4.3 Review of Pensions

4.3.1 The Board noted and discussed the contents of the review of the pension benefit provision and confirmed their intention to continue to look at this annually.

4.4 The Outreach and Community Involvement Strategy

4.4.1 David Souden, Head of Access and Learning and Nikki Lindsey, Community Liaison Manager joined the meeting. The strategy was based on steady and well rooted growth. The Board asked that the strategy should be described as a community involvement programme as part of our broader outreach ambition. Liz Cleaver who had attended some sessions as part of her induction, felt that the quality and standard of provision was very impressive. Although measures are difficult, after attending a session, she felt that one had a sense of the impact.

Dawn Austwick explained her concerns about the ambition for community spaces. Nikki Lindsay explained the intention to provide space dedicated to community involvement activities within the palaces and gave examples of how this might be used.

Sue Farr asked about our community partners. For each palace, we aim to work with about nine partners, whose work has the same broad goals as our own.

Ian Barlow was pleased that the strategy was orientated around the community; had broad focus and levels of engagement, and was specific about what we were trying to achieve within the context of our Cause. He felt it was an excellent use of our funds alongside investment in our conservation work. Sir Trevor McDonald supported the aim to do even more in an organised plan.

The Board were pleased that citizenship ceremonies are now held at all our palaces. The Chief Executive observed that they were moving occasions and encouraged Trustees to come along to the next ones.

The Chairman thanked all those who had contributed to the final strategy. The Board endorsed the approach outlined in the paper, the key components of the strategy, and the increase in resources to support the incremental growth.

5. Projects and Expenditure

5.1 The Mint Street Project at the Tower of London

5.1.1 The Board noted the contents of the paper. Historic Royal Palaces has been developing a concept for Mint Street in partnership with the Royal Mint Museum. The Tower Group Operations Director explained the background to this jointly-funded project and the project governance structure was debated. A Memorandum of Understanding had been drawn up between the two parties. The Board approved the Memorandum of Understanding for signing but asked that the Royal Mint as the sole funder for the Royal Mint Museum be requested to countersign it. The Board gave the project team authority to proceed in principle as outlined in the paper, noting that the formal financial authority would be sought next September.

5.2 The Chapels Royal

5.2.1 The Board noted the contents of the report. There are three Chapels Royal: two are at the Tower (St Peter ad Vincula and St John The Evangelist) and one is at Hampton Court. They continue as active places of worship as well as historic spaces. All three are currently subject to projects that will enhance them. Two involve fundraising separate from Historic Royal Palaces' development campaign.

It was agreed that Sophie Andreae would be invited to view models of designs for furniture for The Chapel of St John. The project would also involve improved lighting. The Chapel of St John would be funded as a Historic Royal Palaces' project whilst St Peter ad Vincula would be funded by the Chapel Council though HRP would be providing project management.

6. Monitoring Performance

6.1 The Chief Executive's Reviews for October and November

- 6.1.1** The Board noted the Chief Executive's reports for October and November. The conservation work on the terracotta roundels at Hampton Court had recently been completed and received press coverage. Citizenship Ceremonies have been held at each of the five palaces in October. The November report contained an update on the Royal Kitchens at Kew following trustees' advice at the last meeting. A better financial outturn than reported at the last meeting was now expected.

The November report also contained an update on the transfer of the catering concession to Ampersand and plans for the cafes and restaurants. The design development of the Wharf café will create a more commercially usable space and result in greater income potential for Historic Royal Palaces but will delay the opening date. There will be further capital investment required and one option is for this to be done by Historic Royal Palaces. A further option review is taking place and a meeting would be arranged with Malcolm Reading and Sophie Andreae to discuss the changes. If it is decided that the best option is for HRP to make the investment and if it is greater than 10% of the whole project cost, the Trustees above plus the Chairman were authorised to agree on behalf of the whole Board who would be notified via the Chief Executive's report. The Board agreed this approach.

6.2 Financial Performance to the end of October and the Mid Year Forecast

- 6.2.1** The Board noted the report on financial performance. Income in all areas was performing well. Expenditure on projects in the remainder of the financial year was expected to reverse the current reported underspend, especially as the two major projects complete in March. John Barnes, the Conservation and Learning Director, confirmed that the re-profiling of expenditure showed there would be a catch up. Ian Barlow asked about release of the income contingency. Our policy was to not release any of the contingency for designation against future projects until the end of the year but we expected this to remain intact.
- 6.2.2** The Board noted the Finance Director's report on the mid-year forecast. The Finance Director explained the main changes. The Board approved the improved forecast result and the bids for additional expenditure in 2011/12.
- 6.2.3** The Board agreed to carry forward to the next meeting, the discussion on their feedback on the management information pack.

7. Organisation and Governance

7.1 The Audit Committee

- 7.1.1** The Board received the minutes of the meeting held on 16th November 2011. The committee had supported the idea of post-project reviews being undertaken by experienced staff not directly involved in projects.

7.2 The Nominations Committee

- 7.2.1** The Board received the minutes from the Nominations Committee held on 27th October 2011. The Board agreed the committee's terms of reference. The committee had undertaken the annual review of succession for the Board and had considered possible changes in skill areas to be sought in future trustees. Trustees gave their views and agreed that the new skill areas needed careful defining. The Board agreed the ambition for diversity and the actions outlined for

succession for the Chairman.

- 7.2.2 Sophie Andreae and all executives withdrew from the meeting. The Board then discussed and agreed the recommendation to DCMS that she should be reappointed for a further three years.

7.3 The May & June Trustees meetings

- 7.3.1 The Board noted the contents of the report and agreed to continue to meet in both May and June. The June meeting was specifically for the approval of the Annual Review and Accounts. As it was expected that parliamentary summer recess might start earlier in 2012, it was agreed to move forward the date for the June meeting to 18th June, subject to Trustees availability. The Chairman also noted the ambition to achieve an earlier date to send the Annual Review and Accounts to stakeholders.

7.4 The Investment Committee

- 7.4.1 The Chairman of the Investment Committee, Sir Adrian Montague, gave a verbal report of the meeting held on 24th November. The committee had discussed the spread of deposits and the banks which held them. The Finance Director was planning to hold more funds on instant access deposits rather than time deposit for the coming months as our major projects were reaching completion. The committee had also given their views for the benefit of the pension trustees on the pension investment strategy and the dynamic de-risking proposed.

7.5 Changes to the Register of Interests

- 7.5.1 The Board noted the changes to the register of interests

8. Any other business

- 8.1 There was no other business

9. **Next meeting:**
Wednesday 25th January 2012 at Hampton Court Palace