

MEETING OF THE BOARD OF TRUSTEES

The Tower of London , Wednesday 21st March 2012

Minutes

Present: Charles Mackay (Chairman)
Sir Alan Reid (Deputy Chairman)
Sophie Andreae
Dawn Austwick
Ian Barlow (from item 4.3)
Lord Dannatt
Sue Farr
Sir Trevor McDonald
Jonathan Marsden
Malcolm Reading (until item 5.1)

Apologies: Liz Cleaver
Sir Adrian Montague

In Attendance: Michael Day - Chief Executive
John Barnes - Conservation and Learning Director
Tania Fitzgerald - Finance Director
Paul Gray - Palaces Group Operations Director
Gina George - Retail Director
Richard Harrold - Tower Group Director
Danny Homan - Communications and Development Director
Graham Josephs - Human Resources Director
Alyson Lawton - Trust and Company Secretary



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.

1. Chairman's comments

1.1 The Chairman noted the apologies received for the meeting.

2. Minutes from previous meetings

2.1 The minutes of the meeting held on Wednesday 25th January 2011 were approved.

3. Matters arising from previous meetings

3.1 The Chairman confirmed that the proposal for the Southern Defences at the Tower of London had been taken to the next stage.

4. Strategic Development

4.1 Revised Strategic Plan 2013-2015 including Annual Operating plan 2012-13

4.1.1 The Board noted the contents of the Chief Executive's report on the Strategic Plan including the Annual Operating Plan. This continued to be an ambitious programme. The Board discussed how the range of projects completing in 2012 could deliver value in our ongoing public affairs strategy and how Ministers at the Department for Culture, Media and Sport would be briefed on the plan.

4.2 *Give the palaces the care they deserve*

4.2.1 As in previous years, the plans covered a range of projects. However there would be no significant scaffolding in 2012. The next State of the Estate survey would commence in 2012-13. Trustees would be briefed in July when annual progress on this strategic aim is reviewed.

- 4.3 *Transform the way visitors explore their story.*
 - 4.3.1 The main focus in 2012-13 was on projects delivered in 2012 working for visitors; making further improvements to customer service and visitor access, and developing projects for subsequent years, some of which were already underway.
 - 4.3.2 The Conservation and Learning Director briefed the Board on recent developments on the Wharf Café project. Although a technical solution had now been found to the water ingress, the contractors' progress on site has slowed. The new restaurant was unlikely to be fully functional for the Jubilee weekend. The Board asked the Conservation and Learning Director to consider the options. The Board also asked him to reflect on whether we should be using different methods of contracting for these critical projects. The Chief Executive explained that a review of all the major projects would be taking place over the summer and the plan was to report back in the autumn. The review process would be externally facilitated. Following advice from Malcolm Reading at an earlier meeting, a construction manager had been appointed who had been focussing on Kew and would also review the other key projects.
- 4.4 *Have wider impact in the world*
 - 4.4.1 The Board noted the recent press coverage of our forthcoming exhibitions. They recognised that positive publicity about the Palaces will encourage visitors. However some Trustees felt that Historic Royal Palaces should have been mentioned as well as the Palaces and the important message that we raise all the money for our work ourselves was not always reflected in the articles. The Communications and Development Director explained the work being done and Sue Farr agreed that for most organisations it was a challenge to get all the messages across. She agreed to review plans with the Communications and Development Director.
- 4.5 *Build one organisation united behind our Cause.*
 - 4.5.1 The Chief Executive explained that our core Human Resource strategy remained unchanged but that there were some changed priorities for 2012. In order to achieve the strategy, there would be an increase in staff numbers. The Chairman noted the ambition to grow more of our own staff and increase diversity. The Human Resources Director explained the differences between the enhanced apprenticeship and intern schemes which were planned to support this. These posts would be properly remunerated. The Board agreed that the increase in staff numbers was appropriate.
- 4.6 *Generate the money to make it all happen*
 - 4.6.1 Sir Alan Reid felt that the financial plans were in good shape. Ian Barlow explained that Campaign 1 would achieve its target on time by the end of March next year. The Chairman noted that the visitor number projections for year 2 onwards did not give any sense of growth towards the target of 4 million visitors by 2020. In this respect, it was a very conservative picture of the future. The Finance Director explained that the figures were the baseline projections from our forecasting model without an overlay of the impact of exhibitions and new projects. The further uplift would be informed by the work currently being done for the domestic audience strategy. The Chief Executive would report back in September within the next Board strategic review of 'Generate the Money ...'

The Board felt that the refurbished Tower Shop was a significant improvement and a much more pleasurable visitor experience. The Retail Director noted that since it had reopened, spend per visitor had increased significantly resulting in increased sales.

The Finance Director observed that the baseline for investment in projects was now £10 million; a few years ago it was averaging £5 million. The Chairman asked that in future an allocation of marketing expenditure should be made to the charitable purpose of public access so that it was offset against visitor income and therefore more accurately reflected contribution from this area.

- 4.7 The Board noted the forward project plans up to 2020. The Chairman suggested that the 2020 Statement of Intent developed last autumn should be reviewed in September. The Board congratulated the Chief Executive and the team for the clear detailed plan and approved the Strategic plan for 2012-2015 including the Annual Operating plan 2012-2013.

5. Projects and Expenditure

5.1 Plans for the Jubilee and the Olympics

- 5.1.1 David Hingley, Head of Visitor Services at Hampton Court Palace and John Brown, Head of Operations and Security at the Tower of London gave a presentation on plans for the Jubilee weekend and the Olympics. The Board asked about public relations and marketing for these events. The Communications and Development Director explained the challenge of media buying during the Olympic period and confirmed that we were maintaining our media presence. David Hingley advised that our event "Cyclemania" after the Olympic Time Trials on 1st August was being included in LOCOG literature. Ian Barlow asked whether there was enough provision of opportunities for past and potential supporters and donors. The Chief Executive will review this and explained further opportunities relating to the Olympic Time Trials.

5.2 Future opportunities

- 5.2.1 The Board noted the contents of the report from the Chief Executive and gave their views.

5.3 The contract for Ice Cream vans on Tower Hill, The Tower of London

- 5.3.1 The Board noted the contents of the report, discussed the conclusion and approved the recommendation.

6. Monitoring Performance

6.1 The Chief Executive's Reviews for February and March

- 6.1.1 The Board noted the contents of the Chief Executive's Reports. The opening event for the Royal Kitchens was now planned for Tuesday 15th May.

The Chief Executive formally recorded his thanks to everyone from Historic Royal Palaces who had worked on "Kensington - a palace for everyone", which would re-open to visitors on 26th March. It was a project to be proud of. The Board agreed. He has received a number of positive comments from those attending the previews and he hoped that visitors would feel the same.

The Hampton Court Music Festival would be remaining in its current location, Base Court, for the medium term. Sir Alan Reid noted that this was a change from the original assumptions on which the tender was awarded and asked for assurance that this was fair. The Palaces Director explained the rationale on which this conclusion had been reached.

6.2 Financial Performance

6.2.1 Designation of Reserves for the year end 2011/12

- 6.2.1.1** The Board noted the contents of the Finance Director's report. The Board discussed the proposal to designate funds for the Collections Storage Project, currently in our plans up to 2020. Collections are currently stored in about forty different locations. Although the collections are secure and dry, the ambition is for purpose-made storage for all items but especially for the fragile items. A scoping and feasibility study will start next year to determine the detail and outline budget.

The Chairman gave his views on the annual practice of designating funds for some planned conservation maintenance projects. The Constable asked whether it might be possible to designate an amount to underwrite the fundraising for the Chapel Fund at the Tower. The Chief Executive would reflect on these matters. Subject to these comments, the Board approved the recommendations.

6.2.2 Financial Performance to the end of February

- 6.2.2.1** The Board noted the contents of the Finance Director's Report. With visitor numbers on forecast, other income streams ahead of forecast and operating costs running below plan, she anticipated that our year end result would be above forecast. She noted however that this was an unusual year, and with all the projects completing in March, we were anticipating an in-month deficit of £6 million. There was an error in under-reporting of the development statistics which currently reported only major project funding. This would be corrected next month.

7. Organisation and Governance

7.1 The Audit Committee 14th March 2012

- 7.1.1** The Chairman of the Audit Committee, Dawn Austwick gave a verbal report on the meeting. There had been a good discussion on mitigating project risk and a presentation on the risks relating to technology by the new Head of Information Systems. The Committee had been reassured by his views that our systems were in good shape and there were plans to make them even better. The Committee had asked for a discussion on the Major Incident Plans at the next meeting so that they can provide assurance to Trustees. The Committee had also looked at an early draft of the new Governance Statement and had also decided to move discussions on the Internal Audit plan to each November meeting as they felt March was too late in the annual cycle.

7.2 Changes to the Register of Interests

- 7.2.1** The Board noted the changes to the register of interests

7.3 Bank Account

- 7.3.1** The Board noted the contents of the paper on the proposal to open a new overseas bank account for receiving donations from abroad. This had also been discussed at the Audit Committee and agreed. The Board noted that donations are always looked at on a case by case basis. The Chairman explained the advice received and agreed to provide further detail in response to points raised by Board Members.

8. Any other business

- 8.1** The Trust and Company Secretary noted that the revised meeting date in January 2013 was 24th January 2013. All Trustees had confirmed that they could

attend. A date for the September 2013 meeting had proved more challenging. The Board agreed to hold the Strategic Planning meeting on 2nd October and the Trustees meeting the next morning on 3rd October.

- 8.2 The Chairman briefed the Board on the process for this year's board effectiveness review. A report would be produced for discussion at the meeting in June.
- 8.3 The Chairman reminded Trustees of the opening events for the re-presentation of the Crown Jewels on 28th March and asked those who had not yet replied to confirm if they were able to come.

9. **Next meeting:**

Wednesday 23rd May 2012 at Kensington Palace. The Chairman encouraged trustees to stay for the planned afternoon site visit.