

**HISTORIC ROYAL PALACES
MEETING OF THE BOARD OF TRUSTEES**

Hampton Court Palace, May 17th 2006

Minutes

- Present:** Charles Mackay (Chairman)
John Hamer
Angela Heylin
Malcolm Reading (for agenda items 1 to 8)
Alan Reid
Sir Hugh Roberts
Sir Roger Wheeler (for agenda items 1 to 7)
- In attendance:** Michael Day - Chief Executive
John Barnes - Conservation Director
Alyson Lawton - Trust and Company Secretary
Sally O'Neill - Finance Director
- Apologies:** Lord Inge (Deputy Chairman)
Bridget Cherry

1. Chairman's Comments

- 1.1** As this was his first meeting as Chairman, Charles Mackay thanked the Board for their support in his appointment and said he was honoured and greatly enthusiastic about the prospect of his role. He was looking forward to working with the Board of Trustees and with the Executive Board. He noted that he had embarked on an intensive induction course, and was on a steep learning curve. His first formal event had been the grand opening of Kew Palace on the 5th May, the day of his appointment, which had been a great opportunity to meet people and was a superbly organised event. He sent his congratulations to all those involved. Concluding his opening remarks, he had been hugely impressed by the commitment and enthusiasm of the people whom he had met to date.
- 1.2** The Chairman also reported that he had attended an event for all chairs of DCMS sponsored bodies and reported on the presentations and subsequent discussions about the Olympics, Diversity and the Comprehensive Spending Review. Although Historic Royal Palaces receives no public funding, any cuts would indirectly affect us, as we have proposed applying for funding for specific access work.

1.3 The Chairman also considered that although he had not yet completed his induction, there were four matters on which he proposed immediate work;

- He would like to conduct a Board Evaluation Exercise. This would involve a questionnaire to the Board and individual discussions with Trustees, following which he would prepare a summary of views with proposed actions for review by the Board. The Board supported this approach.
- The Contingency position: He proposed that the Executive Board consider various scenarios of events and analyse the options available. This analysis should also review our current economic model. In response, the Chief Executive suggested that the review should be conducted in two stages. He would report back to Trustees in July on the detail of the contingency plan which is summarised in the Strategic Plan and suggested that the second part of long term analysis could be informed by this work and considered as part of the annual review of the Strategic Plan in the autumn. The Board agreed to this proposal.
- He noted that the organisation had a traditional way of looking at the accounts but he felt that it would be helpful if these could be presented in such a way that Board Members could see more clearly what we are spending on our objectives as well as the net results of our various “commercial” activities. Noting that the Charity Commission were also leading in this direction, he asked the Chief Executive and Finance Director to review this. It was agreed that this work would be presented at the September meeting.
- He noted from past minutes and from discussions with Trustees that they had asked about prioritisation for spending on the fabric. The Chief Executive and the Conservation Director would be bringing a paper for discussion at the July Trustees meeting following consultation with Malcolm Reading.

2. Minutes of the last meeting

2.1 The minutes of the meeting held on Wednesday 15th March were approved.

3. Matters Arising

3.1 Matters arising from the last meeting were all covered in the agenda.

4. The Development Council

- 4.1 The Board noted the contents of the report. The Board noted the discussions on naming rights associated with donations and cautioned that as opportunities for these were limited, that these should be sensitively considered and not undervalued.

With £700,000 outstanding, the opportunities for raising substantial funds for Kew, now it was open, may be considered more limited. The Chairman made a further proposal for an appeal and asked the Board to propose names to Angela Heylin.

5. The Audit Committee

- 5.1 The Board reviewed the minutes of the meeting. Alan Reid as Chairman of the Audit Committee had made a verbal report on proceedings at the last meeting. No further significant matters were raised by the Board.

6. The Remuneration Committee

- 6.1 The Chairman of the Remuneration Committee reported discussions from the morning's meeting. Trustees would receive minutes of the meeting in due course.

7. The Chief Executive's Review

- 7.1 The Board noted the contents of the report. The Chief Executive discussed the key areas of interest:

- He wished to record his appreciation to all the staff involved in the Kew Palace project. He noted that the Palaces Group Director, who had led on the opening arrangements, was unwell and that best wishes had been sent to him.
- He pointed to the examples displayed in the meeting room of the current advertising campaign building on the basis of storytelling. He also distributed the first edition of the new membership magazine.
- He also noted that draft text for the Annual Review was ready and asked for Trustees' comments to be sent to the Trust and Company Secretary by the end of May. The Board agreed the front and back cover of the Review.
- He reported recent discussions with the Department of Culture, Media and Sport and felt that we were gradually moving towards an understanding of the renewal of the authorisation process. Malcolm Reading asked about the Fusiliers Building and suggested that it should be an agenda item at every meeting we had with the DCMS and that the Conservation Director should

provide an update at every Trustees meeting until the matter was addressed.

- He confirmed that Trustees would receive the final report on the Tower Environs Scheme project in July. The outstanding claims position has now been settled and this risk removed.

8. Financial Performance

8.1 The Board noted the contents of the Finance Director's report on the year end, subject to audit. Sir Hugh Roberts asked about the latest information on Gift Aid. It was agreed that the Chief Executive would explain the position to the new Chairman and the current market intelligence and take his advice as to when to report back to Trustees.

8.2 The Board noted the contents of the Finance Director's report on the first six weeks' visitor and retail performance for the financial year 06/07. This showed a positive start to the year, although retail performance was slightly lagging behind visitor performance.

8.3 The Board noted the contents of the Finance Director's report on the Reserves Policy and agreed the proposed free reserve levels for Historic Royal Palaces given a realistic assessment of risks associated with key income and expenditure streams.

9. The Kensington Palace Development Project

9.1 The Board received a presentation from the Curatorial team at Kensington Palace on the project. The Board were enthusiastic about the proposals and made detailed comments. The Board also agreed to form a sub-committee of Trustees to assist with the development of the project. The Trustees would be Sir Hugh Roberts, Angela Heylin, Malcolm Reading and John Hamer.

10. Henry VIII at Hampton Court

10.1 The Board received a presentation from the project team: Kent Rawlinson, Brett Dolman, David Souden and were enthusiastic about the plans and gave their detailed comments.

11. The Secretary of States Targets

11.1 The Board noted the contents of the Chief Executive's report and the performance against the 2005-6 targets. The Chief Executive noted that there was an ongoing debate with DCMS on the proposed targets for access and learning for 2006-07. The Board observed that the £2.2 million proposed target for spend on buildings conservation was a specific part of a more significant

spend on conservation (estimated at around £14 million) and were concerned that the use of this small element as a target would risk a misunderstanding in public perception of our expenditure in this area and suggested a review for future years. The Board agreed the proposed targets for 2006-07 and asked the Chief Executive to recommend them to DCMS.

12. Kew Palace

12.1 The Board noted the contents of the Conservation Directors report and congratulated the team for delivering the project on time and within budget.

13. The Clore Learning Centre

13.1 Before he left the meeting, Malcolm Reading had noted that it was difficult to be critical of the project team and that the project manager was good but he was concerned that we were not focussing on delivery on time. The Conservation Director noted that things had improved and that whilst the project was delayed by four weeks, the overall programme with Clore is still on track. He felt that there was some risk to the budget and would be discussing this with the Chief Executive and the Finance Director. The Board noted the contents of the report.

14. Chapel Court Elevations

14.1 Before he left the meeting, Malcolm Reading had noted that this was an excellent report and the sort of submission which would be useful for future projects. He noted that the figures were pre-contract and felt that the contingency might be a little light. The Board authorised the investment decision for the project within a budget of £390,000 plus VAT.

15. Any Other Business

15.1 The following matters were discussed:

- The sale of possessions owned by HRH the Late Princess Margaret
- The English Heritage Peer Review
- The Education Service at the Tower of London currently run jointly with the Royal Armouries

16. **Date of Next Meeting: Monday 26th June at Kensington Palace 3pm**