

HISTORIC ROYAL PALACES

MEETING OF THE BOARD OF TRUSTEES

The Orangery, Kew, Wednesday 27th July 2005

Minutes

Present:

Trustees;
Lord Inge (Deputy Chairman)
Bridget Cherry
John Hamer
Angela Heylin
Alan Reid
Malcolm Reading
Sir Roger Wheeler

In attendance:

Michael Day - Chief Executive
Geoffrey Field - Governor of the Tower of London
Rod Giddins - Palaces Director
Alyson Lawton - Trust and Company Secretary
Sally O'Neill - Finance Director

Apologies:

Sir Nigel Mobbs (Chairman)
Sir Hugh Roberts

1. Chairman's Comments

1.1 The Board noted that the Chairman had been unable to attend this meeting due to ill health and asked the Chief Executive to send him their best wishes for a speedy recovery.

1.2 The Deputy Chairman reported on matters discussed at this morning's Remuneration Committee.

2. Minutes of the last meeting

2.1 The minutes of the meeting held on Wednesday 18th May 2005 and Monday 20th June 2005 were approved.

3. Matters Arising

3.1 The Deputy Chairman asked about matters relating to The Ceremony of the Keys. The Governor reported that this was in hand and that he would bring a report to the Board in due course. Angela Heylin noted that the Ceremony of the Keys was an important event in its own right and should be used as a fundraising tool.

4. The Development Council

4.1 The Chairman of the Development Council stressed that there was still £742,000 to raise to fund the Kew Palace Project. Arrangements for the Kensington Palace Gala Evening on 11th October were progressing and invitations would be sent out shortly. She asked Trustees for help with names of potential invitees and with prizes for an auction. She also reported that three more trusts had agreed to grant funds to Historic Royal Palaces and that a list of all donors was available for Trustees on request. She also informed Trustees about recent developments regarding sponsorship.

4.2 The Governor reported on his review of the first Tower of London Music Festival. He considered the event worth staging and that a Music Festival at the Tower of London would be considered for next year taking into account the lessons learnt from this year, with a programme adjusted to have more overall appeal.

5. The Remuneration Committee

5.1 The Board received the minutes of the Remuneration Committee held on 18th May and formally approved the revised terms of reference.

6. The Audit Committee

6.1 The Board received the minutes from the Audit Committee held on 2nd June. The Chief Executive noted that a request had been made for a report on the storage of artefacts and undertook to ask the Conservation Director to produce it for a future meeting.

7. The Chief Executives Report

7.1 The Board noted the contents of the Chief Executive's Report and especially:

- The operational response to the events of 7th July and 21st July. The Governor and the Palaces Director then reported on security matters relating to each Palace.
- The deferral to August of the Annual Pay review discussions in the light of the July events to allow time for an assessment on the impact on our financial position, prior to concluding on pay matters.
- Investors in People status had been retained. The Board congratulated staff on the very complementary report of the independent assessor.
- The recent discussions with the Department of Culture, Media and Sport regarding the contract renewal process. The Board agreed that the Chairman should write to the Permanent Secretary to request a swift resolution on the process to be followed.

- That since April 2005, Historic Royal Palaces had been reclassified by Treasury as a public corporation and as yet, the DCMS had been unable to advise on the implications of this. The Trustees supported the Deputy Chairman's proposal to write a letter as a member of the House of Lords to the Government requesting clarification of the implications of this change. *After note, The Deputy Chairman is to write to the Permanent Secretary as parliament is in recess.*
- Following discussion on the development of education targets, John Hamer agreed to provide assistance to the Head of Access and Learning.
- The Chief Executive reported that a very good working relationship had been developed with Kew and that he would be bringing the formal legal agreement to the Board in due course.

8. Financial Performance

8.1 The Board noted the contents of the Finance Director's Report for the period to the end of June. She noted that reserves at the beginning of the year were £1 million above budget and there had been a strong start to the first three months of the year. Overall, we had been on plan for income for the first quarter and although retail revenues were behind target, holding back on operating costs, minimised the impact on the bottom line. The Finance Director also confirmed that the phasing of expenditure cash flows on Kew Palace and the Clore Learning Centre remained according to plan. There continued to be the perennial problem of accurate phasing for projects and planned maintenance and that this had been reviewed at the end of May and adjusted accordingly.

8.2 The Finance Director distributed a report assessing the potential impact of the recent London terrorist attacks on Historic Royal Palaces' financial position. The Chief Executive explained that this paper had been drafted following the events of 7th July and since modified after the events of 21st July. The conclusion was that the immediate impact seemed to be a loss of domestic visitors as weekend numbers were down significantly more on budget than on weekdays. However, the impact on international visitors although stable at present may be different in the short to medium term. The Finance Director briefed the Board on the potential income loss and the savings and deferrals to cover it. The Chief Executive explained that there remained some projects (other than Kew and Clore) which had the capacity to be deferred if the situation became worse but there would naturally be a loss of momentum and change in the organisation. The Deputy Chairman noted that the impact of these events created an additional rationale and urgency for the fundraising campaign. The Board discussed the contents of the paper and congratulated the Chief Executive and the Finance Director on a clear paper and agreed with its analysis and conclusions.

9. The Visual Identity Project

9.1 The Board noted the contents of the Chief Executive’s report summarising the areas of general support and enthusiasm and some issues and concerns. He reported that there had been a further meeting with Wolff Olins and additional work was being undertaken to review these matters. After giving their general comments individually on the proposals, the Board agreed the approach. The Deputy Chairman asked the Chief Executive to come back to the Board with a general update in due course.

10. Kew Palace

10.1 The Surveyor of the Fabric was welcomed to the meeting. Members of the Board had visited the Kew Palace site before the meeting to be briefed on the interpretation scheme. The Surveyor of the Fabric reported that the team had been working well with the Royal Botanical Gardens’ team on the Welcome Centre and there was agreement as to how this would be developed. He was pleased to report that the lift steel frame was now installed.

10.2 Malcolm Reading proposed and the Board agreed that to strengthen project management, the Project Board should;

- Receive a report analysing the extent of the contingency on the basis of likely expenditure as well as commitments.
- Examine the end stage of the project to ensure that there was an appropriate period for “sea trials” in the programme before opening. The Governor confirmed that this had been one of the lessons learnt from the Tower Environs Scheme project.
- Ensure that expenditure was appropriately classified for Heritage Lottery grant purposes. Malcolm Reading offered to assist with discussions with HLF.

11. The Tower Environs Scheme

11.1 The Board noted the contents of the reports; the post completion review of the Tower Environs Scheme; the organisational learning and the project update.

11.2 The Board agreed that the post completion review was full and thorough and would be helpful to the team but suggested that it would be useful to have a single sheet summarising lessons learnt from the project into the top ten things that we must do and also what we must not do in the future. In response to a request about circulation of the report, the Finance Director reported that an earlier draft had been seen by the National Audit Office who was very supportive and the Chief Executive reported that findings had been shared with the HLF, whose comments had been sought. A suggestion was

made to conduct a supplementary review of the integration of the construction contract with the professional services. The Deputy Chairman shared the lessons he had learnt from the project. He noted in conclusion that the completion of the project had been a fantastic achievement and had transformed the whole area of Tower Hill.

12. The Clore Learning Centre

12.1 The Board noted the contents of the report and that all statutory consents had now been received and that the contract for the enabling work was about to be placed. The Surveyor of the Fabric advised that there was a meeting with those trustees more closely involved with the project to review certain key design items in September. The Chief Executive thanked the Trustees for their help with the project and advised that he would involve John Hamer with the educational aspects of the project in due course and Malcolm Reading with the project management aspects.

13. The Byward Tower and Postern

13.1 The Board noted the contents of the report. The Chief Executive commented that this was one of the projects that had been considered for deferment following the review of the financial position after July 7th, however it was a project such high significance that the Executive Board felt that it should proceed. The Board agreed that it should proceed in line with the recommendation in the report.

14. The Security Warding Contract

14.1 The Board noted the content of the Governor's report. The Governor explained that there was flexibility to vary the levels of service in the contract. The Board agreed to the recommendation in the report.

15. Reserved Matters

15.1 The Board noted the contents of the Chief Executive's report and agreed to the proposal.

16. Dates for Meetings in 2006

16.1 The Board noted the dates of the meetings and agreed to advise the Trust and Company Secretary of any meetings they would be unable to attend. The Board noted that a half day strategic planning session had been proposed for October 2005, but as a number of Trustees were unable to attend on the date set, asked that an alternative date was found.

17. Any Other Business

17.1 The Board noted the use of the seal during July on two further trade packages on Kew and on a lease permitting certain encroachments in connection with the Kings Arms Hotel, Hampton Court.

18. Date of Next Meeting

18.1 The next meeting will be held on Wednesday 28th September 2005 at The Tower of London.