

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

**The Tower of London, Wednesday 31st January 2007
Minutes**

Present: Charles Mackay (Chairman)
Lord Inge (Deputy Chairman)
Bridget Cherry
John Hamer
Angela Heylin
Malcolm Reading
Sir Alan Reid (agenda item 3 onwards)
Sir Hugh Roberts
Sir Roger Wheeler

In attendance: Michael Day - Chief Executive
John Barnes - Conservation and Learning Director
Sally O'Neill - Finance Director
Alyson Lawton - Trust and Company Secretary
Keith Cima - Resident Governor- Agenda items (1 to 3)

1. Opening Business

1.1 Chairman's matters

The Chairman on behalf of the Board congratulated Sir Alan Reid on his recent knighthood. He also welcomed Keith Cima who has been the Resident Governor at the Tower of London since October last year to his first Trustees' meeting. In view of the number of agenda items, the Chairman proposed that the discussions on target setting and performance indicators (agenda item 4) would form part of the Trustees' informal meeting that evening.

1.2 Minutes of the last meeting

The minutes of the last meeting held on 27th September 2006 were approved with a minor amendment to pt 5.3.

1.3 Matters Arising

The Chairman reported recent matters regarding strategic development opportunities.

The Governor gave a report on The Military Guard.

The Board revised the terms of reference for the Kensington Palace sub-committee.

Malcolm Reading and John Barnes will be meeting to discuss procurement options.

2. Strategic Development

2.1 Reformatted Financial Information

The Board noted the content of the Finance Director's report. She explained that since the paper had been written, the ideas had developed further and therefore handed out a note which summarised the latest analysis. The Board agreed that

- the analysis answered the right financial questions when Trustees were addressing the strategic issues.
- combining the headings of Education and Interpretation would be more helpful.
- It would be most useful over time with 2006/7 used as the base year
- It was important to maintain flexibility between the balance of objectives.
- Trustees would look at the information in this format twice a year.
- A graphical presentation of the information would be useful. It was also proposed that major projects could be allocated to the appropriate charitable objective. A final version would be sent to Trustees in advance of the March meeting. The Annual Operating Plan would include the financial information presented in this format. The Finance Director noted that she would be bringing a paper to the July meeting on the strategic objective “ *generating the money to make it all happen*” which would expand the information on business activities.

2.2 Financial Assumptions for the Annual Operating Plan 2007/8

The Board noted the contents of the Finance Director's Report. She explained the impact of Easter on the forecast visitors 2006/07 to 2009/10. Trustees asked whether it was possible to move from a March year end to a December year end to avoid this variation year on year. The Finance Director explained that the March year end was a requirement of the contract with the Department for Culture, Media and Sport. The Chairman noted that in the Governance Review, Trustees had asked for more information about pricing. This had been included in the report and he planned that Trustees would be involved in the strategic pricing debate at their September meeting each year. Bridget Cherry asked for Education pricing to be included in these discussions. The Board approved the assumptions set out in the paper as the basis for the financial forecasts in the Strategic plan for 2007-10 to be brought for final approval in March.

2.3 Top Conservation Projects

The Board noted the contents of the Conservation and Learning Director's report. He advised that this was work in progress and that further discussions, particularly with Sir Hugh Roberts on

interiors, had yet to take place. Sir Hugh noted that the Kings Guard Chamber arms and armour project had already started and he hoped it would be concluded before 2012. He also felt that the UV film and sunlight control project should be a higher priority. Malcolm Reading noted that he had been pleased to be part of the process and was looking for a next step which would link the projects to development, education and access work. Trustees asked for the list of the projects at the March meeting to be phased in chronological order and the ones which had the potential for fundraising and education to be clearly identified. The Board was pleased to see the gardens projects on the agenda and noted that the projects were indicative at this stage. The Board asked for a tour of the gardens with the Head of Gardens and Estates in the Spring to understand these in greater detail and felt that the gardens had potential to play a major part of the story in the future.

2.4 The Olympics

The Board noted the contents of the Chief Executive's report. The Board agreed that it was important to focus on the delivery of one or two projects and agreed that the White Tower project was a key part. The Conservation and Learning Director noted that the proposal for youth development were in the spirit of the Olympics Bid and could be started in advance. Bridget Cherry suggested that the Tower of London would be within easy reach of the centre of the Games via the Docklands Transport System. The Board debated the impact on visitor numbers during the games and suggested further research.

3. Monitoring Performance

3.1 The Chief Executive's written review

The Board noted the contents of the report. The Chief Executive reported recent developments regarding the plans for the opening of the Clore Learning Centre. Sir Hugh Roberts asked about further progress on the gift aid research.

3.2 Financial Performance to 31st December 2006 and the Q3 Forecast

The Board noted the contents of the Finance Director's report and that overall the results were positive. The Board agreed to increase the designation fund for Kensington by £1 million (in addition to the £0.5 million already designated in September). The Board asked for a long-term cash forecast, a reconciliation between the free reserves and cash and how this might be presented in the annual accounts. Malcolm Reading asked for an explanation of the difference in retail net margin between this and the earlier paper in 2.2.

4. Projects and Expenditure

4.1 The Kensington Palace Development Project

The Board noted the contents of the Conservation and Learning Director's report. He also advised Trustees that progress on the plans had been usefully discussed with English Heritage. Trustees noted that our ambitions would to match the current capital cost set in our Strategic Plan and asked that when the final cost plan was presented, a list of items removed was also advised. Malcolm Reading noted that it was important that the plans developed for the stage one HLF application did not curtail the creativity of the architect who would be appointed for next stage of development and that it was the quality of the plans for both the Palace gardens and the Palace together that would make this a world class project. The Board also asked for further details about their involvement both before and after the March Trustees Meeting.

4.2 Protecting the setting of the Tower of London

The Board noted the contents of the Conservation and Learning Director's report. The Conservation and Learning Director reported the discussions since the papers had been sent out.

- (i) The Board expressed dissatisfaction with the options before them that were limited by the positions taken by the Department for Culture Media and Sport and English Heritage.
- (ii) They felt that they could only agree to option B being urged by DCMS if certain prior conditions were met. It was agreed that the Chairman would write to the Minister of State expressing the views of the Board.

4.3 The Palaces Group Electrical Term Contract

The Board approved the appointment of W&L installations Ltd as the Measured Term Contractor for electrical services at Hampton Court, Kensington and Kew Palaces for a period of three years commencing April 2007.

5. Governance and Organisation

5.1 The Nominations Committee

The Board noted the contents of the minutes. The Chairman reported progress since the meeting and the shortlist for the two DCMS Trustee positions. Interviews will take place on 7th February,

5.2 The Variation to Contract, Management Statement and Financial Memorandum with the DCMS

The Board noted the contents of the report and approved the revised contractual arrangements, agreeing that they were in the best interests of the charity.

5.3 Trustees engagement with Stakeholders

The Board agreed that this would form part of their informal evening discussions.

6. Routine Administration

6.1 Protecting the setting of Hampton Court Palace - The Jolly Boatman and Station Site

The Board confirmed their decision in March 2005 to ask the Secretary of State for an Article 14 Direction on schemes to develop the station and *Jolly Boatman* land opposite Hampton Court Palace.

7. Next Meeting: Wednesday 14th March 2007 at Hampton Court Palace