

**HISTORIC ROYAL PALACES
MEETING OF THE BOARD OF TRUSTEES
The Tower of London, Wednesday 30th January 2008**

Minutes

Present: Charles Mackay (Chairman)
Sir Alan Reid (Deputy Chairman)
Dawn Austwick
Bridget Cherry
Sue Farr
John Hamer
Sir Trevor McDonald
Sir Adrian Montague (until item 5)
Malcolm Reading
Sir Hugh Roberts

Apologies: Sir Roger Wheeler

In attendance: Ian Barlow
Michael Day - Chief Executive
Keith Cima - Governor of the Tower of London
John Barnes - Conservation and Learning Director
Danny Homan - Communications and Development Director
Sally O'Neill - Finance Director
Alyson Lawton - Trust and Company Secretary
Sandra Botterell, Head of Marketing and Ruth Gill, Head of Interpretation (item 4)

1. Chairman's comments

1.1 The Chairman noted that apologies had been received from Sir Roger Wheeler.

2. Minutes of the previous meetings

2.1 The minutes of the meeting held on 30th November 2007 were approved.

3. Matters Arising

3.1 There were no significant matters arising.

4. Strategic Development

4.1 Kensington Palace

4.1.1 The Board noted the contents of the Conservation and Learning Director's paper, which was written following the decision by the Heritage Lottery Fund that it was not able to award a grant to the Kensington Palace development project during the recent competitive round of funding. The Conservation and Learning Director explained the grants situation and the options for re-applying for funding. Trustees gave their initial thoughts on the next steps. The Board were encouraged by the positive feedback from the Heritage Lottery Fund on the project and noted that the Trustees sub-group would be meeting shortly so that further discussions can take place. Trustees generally felt that a re-application should be made as early as possible, subject to any further advice from Heritage Lottery Fund officers.

4.2 Strategic Aim 3: Have a wider impact in the world

4.2.1 The Board noted the contents of the Chief Executive's paper on our Aim to 'Have wider impact in the world' and the associated idea of audiences.

The Board felt that there were two elements to widening our reach: breadth and depth. Generally, Trustees supported the principles and assumptions set out in the paper and suggested that in further work, the balance between these two elements should be explored. Likewise, the balance between actual visits to our palaces and reaching people through other ways. The Board suggested that the team might need to prioritise activity to be most effective.

The Board discussed the draft objectives for the next Strategic Plan. Malcolm Reading suggested adding that Historic Royal Palaces be recognised for its levels of professional stewardship and expertise. Bridget Cherry added that a place for adult learning was also part of this. The Chairman asked whether the link between the education strategy and outreach would be explored in the next plan. We must guard against doing things with little impact and learn from other organisations. This was especially true given that we were entering a three year planning period of much more challenging revenue. The Chairman summarised discussions, noting that the Board was supportive and recommended more focus, cost effectiveness and aiming to reach out to a significant volume of people.

The Head of Marketing and the Head of Interpretation gave a presentation about their joint project on audience segmentation. Sue Farr felt that by working together, they had produced an excellent piece of work which could now be adopted throughout the organisation. Quantification of some of the segments was vital. There would be tough market conditions in the next few years and this model would enable us to decide our priorities. Trustees debated the areas of focus. Given our charitable objective, whilst we need to protect our core market, we should be attempting a wider reach. We must also not forget new markets, some of which may also be less affected economically. The Chairman concluded that there was strong consensus that this was an excellent piece of work and that the segments proposed as targets were the ones to pursue and never forgetting the core audience.

The Governor introduced his paper on the Olympics and explained the early stage thoughts and recent discussions since the report had been written. The Board commented on the ideas, noting that 2012 was also importantly HM The Queen's Diamond Jubilee and that the time leading up to the Olympics would be more important than the weeks in which the event was being held.

4.3 Kew

4.3.1 The Board noted the contents of the Chief Executive's paper which had arisen in response to the consultation being undertaken by the Royal Botanic Gardens, Kew on their vision for 2008-2011 and in particular plans for the Georgian Kitchens and Queen Elizabeth's Lawn. The Board agreed the remit of their response including general support on Kew's approach.

4.4 Functions and events review

4.4.1 The Board noted the contents of the Communication and Development Director's report. Sir Hugh Roberts asked about the possible physical impact of the proposals. He also asked to be reminded of the current position on wedding licences. The Board explored the challenge of the financial target and noted that the teams felt it achievable.

4.5 Financial performance to end of December and Q3 forecast

4.5.1 The Board noted the contents of the Finance Director's report. The Finance Director explained the key components of the revised forecast and the current position on gift aid. The Board commended the action taken since the last

forecast to achieve the result and endorsed the current thinking on the year end designations.

4.6 The financial assumptions underpinning the Strategic Plan 2008 -2011

4.6.1 The Board noted the contents of the Finance Director's report. The proposals were based on those agreed for last year's plan but updated for changes such as the economic outlook and was a "top down" view. The Chief Executive and the Finance Director would be reviewing departmental proposals next week. The Chief Executive explained that we would be targeting visitor growth in 2009 based upon our major new plans for the Henry VIII project. Opportunities in 2008 would be limited by the economic picture and no major new additions to the offer.

Trustees approved the assumptions set out in the paper as the basis for the financial forecasts un the Strategic plan 2008-2011 to be brought for full approval in March.

5. The Chief Executive's Report for December 2007 and January 2008

5.1 The Board noted the contents of the reports. The Chief Executive noted in particular the update on the Tower Club and the Department for Culture Media and Sport re-authorisation. Malcolm Reading asked what the percentage savings in energy efficiency were in cash terms. The Board asked about the policies for partners who take unused space at the palaces and asked for further information. The Board also noted that the reports included responses to the actions arising from the September meeting on our strategic aim "*Giving the palaces the care they deserve*". Malcolm Reading suggested using a project as a pilot to assess the new procedures.

6. Projects and Expenditure

6.1 The Real Tennis Court, Hampton Court Palace

The Board noted the contents of the report and that the project would be run through a partnering contract, which would be a pilot for this approach. The Board authorised the investment decision for the project within a budget of £457,000 + VAT.

6.2 Henry's Arena, Hampton Court Palace

The Board noted the contents of the report. Henry's arena would be the enabler for a different kind of visit. Bridget Cherry asked about the impact of the Disability Discrimination Act requirements. The Board also asked about lighting consultants and archaeology. The Board agreed the vision. The project will now proceed to the design and procurement stages preceding the investment decision in May 2008.

6.3 Ice Rinks

The Board noted the contents of the report and agreed to renew the contract with PWR Events Ltd, authorising the Directors to negotiate the best terms.

7. The next Board Meeting will be on Wednesday 12th March 2008 at Hampton Court Palace.