

**HISTORIC ROYAL PALACES
MEETING OF THE BOARD OF TRUSTEES
Hampton Court Palace, Wednesday 12th March 2008**

Minutes

Present: Charles Mackay (Chairman)
Dawn Austwick
Sue Farr
John Hamer
Sir Trevor McDonald
Sir Adrian Montague
Malcolm Reading
Sir Hugh Roberts
Sir Roger Wheeler

Apologies: Sir Alan Reid (Deputy Chairman)
Bridget Cherry

In attendance: Michael Day - Chief Executive
John Barnes - Conservation and Learning Director
Annabelle Boyes - Retail Director
Keith Cima - Governor of the Tower of London
Rod Giddins - Palaces Director
Graham Josephs - Human Resources Director
Danny Homan - Communications and Development Director
Sally O'Neill - Finance Director
Alyson Lawton - Trust and Company Secretary
David Souden, Head of Access and Learning and Susie Batchelor, Head of Education (item 4.2 only)

1. Chairman's comments

1.1 The Chairman noted that apologies had been received from Sir Alan Reid and Bridget Cherry. The Chairman was pleased to report that The Secretary of State had agreed to a second term of three years for both John Hamer and Malcolm Reading.

2. Minutes of the previous meetings

2.1 The minutes of the meeting held on 30th January 2008 were approved.

3. Matters Arising

3.1 The Palaces Director reported the conclusion of discussions on the Ice Rink contract.

4. Strategic Development

4.1 3.2 Million Visitor Target

4.1.1 The Board discussed the contents of the report and commented on the observations made on past trends and the target itself. The Board discussed the relationship between the admissions price and visitor numbers, both in terms of past experience and also the potential impact of the current economic climate. Trustees noted that, in real terms, marketing spend had halved since 2001/02. A fundamental review of marketing in its broadest sense had already been initiated and a revised corporate communications strategy is being developed. The Board encouraged the team to consider whether there were any further short term marketing options for 2008/09.

The Board debated the ambition of the target and a range of opinions were expressed. Noting that no new resources had been allocated, Dawn Austwick felt that the target might be testing. In response, the Chief Executive explained that there would be significant investment in content, which would be coupled with a revised and focussed marketing and communications strategy.

The Board reviewed the proposals to achieve the target, noting that there were times when promotions could be appropriate. Michael Day explained that the “kids go free” weeks had been such a response. The Board discussed the idea of family focus and gave their views.

The Board felt in conclusion that the timing targets were realistic and supported the overall direction set out in the paper.

4.2 Education Strategy 2008-2014

The Board noted the contents of the Conservation and Learning Director’s report. The main aim was to seek comments on the level of ambition and on the proposal of how to fund it. The Chairman noted that there had been a huge and successful expansion in the education service in recent years and congratulated the team. Trustees had already identified education as a high strategic priority. The challenge now was to define this in terms of the “who, what and how”. John Hamer noted that this was fairly settled in the base services but that beyond the base, the self- funding assumption was a restriction. He supported the greater flexibility proposed, as there would be external funding available and the opportunity to work in partnership. Trustees expressed their views on specific aspects of the range of provision in the report. The Chairman concluded from the discussions that the strategy should have further focus, and set out in more detail what the service would mean in practice.

The Board confirmed the overall ambition, agreed the concept of base and extension services and the provision of the proposed HRP fund for 2008-09 to deliver extension service pilot projects, noting that further detail on strategy would come back to the Board in due course.

4.3 Strategic Plan 2008 -11 incorporating the Annual Operating Plan 2008-09

The Chief Executive presented the Plan, which the Board discussed by sections. Sir Hugh Roberts felt that the plans for the period *to give the palaces the care they deserve* represented a good broad spectrum of activity. Malcolm Reading suggested that the conclusions of the Trustees’ sub group for the Kensington Palace Development, which had taken place after the document had been prepared, should be included in the final summary for the record.

The Board asked about resource allocated to reach both the 3.2 million visitor target and the income targets. The Chief Executive explained that the balance of how resource was allocated within the organisation was historical, had a high level of fixed costs but, nevertheless, he had been able to add resource in key areas over time. The Human Resources Director felt that Historic Royal Palaces was a lean organisation with high productivity. The Chief Executive proposed to produce a paper for Trustees during the coming year to look at the issue of productivity in more detail.

The Finance Director distributed a note to explain, under charitable headings, where the money comes from and goes to for 08/09. The Board agreed that this was a useful view, showing that next year income was flat but that charitable expenditure was increasing. This would not be a long term sustainable position. Noting that there would be a review of the strategic aim *Generate the money to make it all possible* at the July meeting, the Chairman asked the Finance Director to include a detailed explanation of the movement from net surplus to reserves and proposed that the Board’s views concerning operating surpluses/deficits should be debated then.

The Board approved the Strategic plan including the Annual Operating Plan 2008/09 and thanked the Chief Executive and his team for their work.

Michael Day explained that the approved Plan would now be communicated to managers, the Trades Union partnership meeting, all staff via roadshows and DCMS officials.

5. Monitoring Performance

5.1 Chief Executive's Reviews for February and March

The Board noted the contents of the Chief Executive's Reviews for February and March.

- The Board were pleased to note the recent Premier Partnership success particularly in the current economic climate and asked the Chief Executive to thank those involved.
- The Board noted that the Trustees' sub group for the Kensington Palace Development Project had agreed the revised scheme. The Board agreed that Jo Thwaites should be authorised to submit a further Stage One application for £5m to the London Region HLF 'Heritage Grants' scheme by 31st March 2008
- The Board noted progress on the DCMS re-authorisation.
- The Board received a verbal update from the Conservation and Learning Director regarding the Jolly Boatman site at Hampton Court and gave their views.

5.2 Financial Performance to 31st January 2008 and designation of reserves

The Board noted the contents of the Finance Director's report, approved the usual year end project carry-overs in keep going and major projects (current estimate £1.3m +VAT) and agreed to designate any further funds that are available at the year end to the Henry project.

5.3 Clore Learning Centre - first year of operation

The Board noted the contents of the report and the progress made against our objectives after the first year of operation together with the lessons learnt. The Board agreed that good progress had been made which should not only be communicated to the funders but would also have wider application to potential funders and other stakeholders.

6. Projects and Expenditure

6.1 Security at the Tower of London

The Governor took the Board through the report outlining the recommended approach to improving security on Tower Hill. The Board noted the contents of the report and approved the recommendation.

6.2 Live Interpretation

The Board noted the contents of the report and agreed that Past Pleasures was re-appointed as the costumed live interpretation contractor for two years to April 2010. Dawn Austwick asked about the tender process and in particular the panel. It was agreed that she would discuss this further with the Chief Executive.

6.3 Insurance

The Board noted the content of the Finance Director's paper and commented on the proposed new cover. The Board approved the level of expenditure as proposed.

6.4 The Fusiliers Building

The Board noted the contents of the report and agreed to proceed with the project to repair the Fusiliers building within the budget provided by DCMS.

7. Governance and Organisation

7.1 Board Evaluation Exercise

The Board noted the contents of the Chairman's report on the Board evaluation exercise and agreed that their individual inputs had all been included and agreed that this was a fair assessment of the Board's effectiveness. After discussion, the Board agreed the actions recommended with one addition, that Trustees should be more specific with the Executive Team in respect of what they want covered in papers to the Board, particularly in relation to Strategic Development. A good example of a well thought through paper was the report on 3.2 million visitor target and at the other end of the spectrum, the paper on the Learning Strategy could have been improved. The Board also felt that three hours should be allowed for the formal meeting, with a short site visit following at 12.30pm.

7.2 Dates for Trustees Meetings 2009

The Trust and Company Secretary had circulated proposed dates for the 2009 Board Meetings. Trustees were asked to advise her of any dates which they could not attend.

8. Date of Next Meeting: Wednesday 21st May at Kew Palace