

**HISTORIC ROYAL PALACES
MEETING OF THE BOARD OF TRUSTEES
The Tower of London, Wednesday 28th January 2009
Minutes**

- Present:** Charles Mackay (Chairman)
Sir Alan Reid (Deputy Chairman)
Sophie Andreae
John Hamer
Sir Adrian Montague
Malcolm Reading
Sir Hugh Roberts
Sir Roger Wheeler
- In attendance:** Michael Day - Chief Executive
John Barnes - Conservation & Learning Director
Keith Cima - Governor of the Tower of London
Danny Homan - Communications and Development Director
Sally O'Neill - Finance Director
Alyson Lawton - Trust and Company Secretary
Tracy Borman - Interim Head of Interpretation (item 4.3 only)
Sandra Botterell - Head of Marketing (item 4.4 onwards)
- Apologies:** Dawn Austwick
Sue Farr
Sir Trevor McDonald

Ian Barlow, Chairman of the Campaign Board

- 1. Chairman's comments**
- 1.1 The Chairman noted apologies received from those not able to attend the meeting and welcomed Sophie Andreae to her first meeting as a Trustee.
- 2. Minutes of the previous meetings**
- 2.1 The minutes of the meetings held on Wednesday 26th November 2008 were approved.
- 3. Matters Arising**
- 3.1 There were no matters arising.
- 4. Strategic Development**
- 4.1 Financial Performance to 31st December 2008 and the revised Q3 Forecast.**
- 4.1.1 The Board noted the contents of the Finance Director's reports which set the context for discussions on the financial assumptions for the 2009/10 Annual Operating Plan. The Finance Director explained the key components of the re-forecast. The Board approved the re-forecast for the remainder of the year and endorsed the current thinking on the year end designations.
- 4.2 The Strategic Plan 2009-13
Financial Assumptions for the Annual Operating Plan 2009-10**
- 4.2.1 The Board noted the contents of the report. The Chief Executive felt that setting the financial assumptions was a challenge in the current economic climate. A key assumption was visitor numbers - the main source of income. The Board asked about the detailed assumptions in the visitor model and suggested some further refinements for future years. The model had been prepared as in previous years with the help of external consultants Trajectory. The Board agreed that this assistance was of value and asked the Chief Executive to circulate their detailed presentation after it has been presented to the Executive Board in future years. The Board noted that no allowance in visitor numbers had yet been included from

the impact of additional marketing spend, which had been agreed in principle at the last Trustees' Meeting – the detail of this was still being assessed and would be included in the final numbers for the March presentation.

The Board discussed the other income assumptions and challenges, noting that the long term Retail Strategy would be presented to the Board in July.

The Board also discussed the expenditure assumptions and in particular those relating to building conservation. As a charity, the challenge was to increase the level and effectiveness of expenditure on conservation within the current economic context. To assist with this, the Board asked to review the projects list at six monthly intervals.

The Board approved the assumptions set out in the paper as the basis for the financial forecasts in the Strategic Plan for 2009-12, which would be brought to the Board for full approval in March 2009.

4.3 The Henry VIII Project Update

4.3.1 The Board noted the contents of the Conservation and Learning Director's report. Tracy Borman, Interim Head of Interpretation explained the plans for Hampton Court –*Henry VIII Heads and Hearts* and the Governor explained the plans for The Tower of London –*Henry VIII Dressed to Kill*, which is a joint project with the Royal Armouries. These were the culmination of four years planning and represented for Historic Royal Palaces, our most ambitious programme of co-ordinated activities.

Sir Roger Wheeler observed that our relationship with the Royal Armouries had played an important part in achieving the exhibition at the Tower and would continue to be, in order to maximise the value of the legacy from it.

The Board agreed that the programme was very exciting and asked about how the media was being engaged. The Governor explained the process for the Tower and The Communications and Development Director expanded on the wider plans.

The Board were reassured that the visitor experience at Hampton Court was designed to include provision for young children and for visitors who might not have time to see everything and that the team were also working with target markets in Europe to programme activity around European as well as British holiday periods.

4.4 Review of the Palaces Personalities Project

4.4.1 Sandra Botterell, Head of Marketing, explained the background of the Palaces Personalities Project. A report on the outcomes had been circulated with the papers. The Board asked about the focus on three palaces. Whilst the other palaces had the same process applied, it was a commercial decision to concentrate the research on The Tower of London; Hampton Court Palace and Kensington Palace. For the next stage, the project team had identified the top six priorities which would be discussed with the Executive Board. However where relevant, operating teams were already using the outcomes in their work. The Board felt that the work on cues and counter cues was perceptive. Trustees were reassured that the authenticity of the curatorial voice would be maintained. The Board supported the outcomes and thanked Sandra and her team for the work.

4.5 Having wider impact in the world – outcomes from a consultation with Trustees on the development of a new communication strategy for Historic Royal Palaces.

4.5.1 The Board noted the contents of the Communication and Development Director's report. After discussion, the Board suggested that "becoming publicly acclaimed for what we do" was their preferred expression to signify the step change in ambition and gave their views on comparisons with organisations where the public perception had been changed beneficially. In addition to the points made in the report, the strategy must address how we might balance the profile of Historic Royal Palaces as an organisation with the profile of the individual palaces

themselves.

5. Monitoring Performance

5.1 Chief Executive's Written Reviews for December 2008 and January 2009

- 5.1.1 The Board noted the contents of the Chief Executive's Reviews for December 2008 and January 2009. The Chief Executive gave an update on the recruitment process for the Finance Director. He was also pleased to report that the fundraising campaign for the White Tower at the Tower of London had concluded successfully and reported, with the Chairman, on the current position of other fundraising initiatives. The Georgian Kitchens project at Kew would be discussed at the May Trustees' Meeting. The Board asked that the report covered the issue of ticketing arrangements and operational matters as well as capital costs.

6. Projects and Expenditure

6.1 Henry's Arena - Hampton Court Palace Base Court Resurfacing Project

- 6.1.1 The Board noted the contents of the report, which explained the cost increases which had been due to the nature, quality and extent of the archaeological finds. The Conservation and Learning Director felt that he was satisfied that it was the right decision to carry out the further investigations into the archaeology and that the additional costs incurred with a couple of exceptions were valued against tender rates. He would be reflecting on the lessons learnt in a note to the Executive and at a future Trustees' meeting.

The Board asked whether there was anything that might be done in the future to avoid the surprise element. The Conservation and Learning Director explained that the challenge was to bring certainty into the governance of financial approvals whilst recognising the desire of the Trustees to be involved early in the process. The Base Court project was a unique case as the team felt that they had done enough in terms of trial holes and non destructive research. The timing of the programme meant that it had not been possible to do the archaeology first as Base Court was used for the Music Festival. It was suggested that future contract arrangements should also be reviewed as a way to mitigate the cost of over runs.

The Board approved the cost over run and asked the Conservation and Learning Director to come back to the Board with his review on lessons learnt and recommendations for the future.

6.2 The Catering Contract

- 6.2.1 The Board noted the contents of the report and awarded Digby Trout a contract extension of two years from September 2009.

6.3 The Lease for the Tower Hill Vaults

- 6.3.1 The Board noted the contents of the report and approved the recommendation.

6.4 The Deveraux Tower Project

- 6.4.1 The Board noted the development of the project at this stage in anticipation of the request for investment decision approval in March 2009.

7. Governance and Organisation

7.1 The Investment Committee Update

- 7.1.1 The Chairman of the Investment Committee, Sir Adrian Montague, gave a verbal update on the meeting that had taken place immediately prior to the Board Meeting. The Investment Committee had discussed and agreed the proposed changes to the terms of reference following discussions at the last Board Meeting. The Board agreed the changes proposed. The Board also confirmed that due to the current exceptional economic circumstances, the mandate for the Investment

Committee to change policy should continue and would be considered again at the next meeting. Sir Adrian confirmed that the current policy was capital preservation over yield. However, he advised the Board that at some point investments might be diversified to seek more yield. Therefore he had asked the team to seek some external advice which would be brought for discussion at the next Investment Committee and Trustees' meeting. Minutes of the Investment Committee would be circulated to the Board.

8. Any other Business

8.1 The Conservation and Learning Director distributed leaflets for both the Henry VIII Academic Conference and public talks.

8.2 The dates proposed for 2010 Board Meetings had been circulated to Trustees for comment. These would be confirmed at the March Board Meeting.

8.3 This was Sally O'Neill's last meeting as she was leaving Historic Royal Palaces following five years as Finance Director to take up a new post at the Royal Opera House. The Chairman on behalf of the Board, expressed his deep appreciation for all her achievements.

8. Date of Next Meeting: Wednesday 18th March at Hampton Court Palace.