

**HISTORIC ROYAL PALACES
MEETING OF THE BOARD OF TRUSTEES
Hampton Court Palace, Wednesday 18th March 2009
Minutes**

- Present:** Charles Mackay (Chairman)
Sir Alan Reid (Deputy Chairman)
Sophie Andreae
Sue Farr
John Hamer
Sir Adrian Montague
Malcolm Reading
Sir Hugh Roberts
Sir Roger Wheeler
- In attendance:** Ian Barlow, Chairman of the Campaign Board
Michael Day - Chief Executive
John Barnes - Conservation & Learning Director (until item 9)
Keith Cima - Governor of the Tower of London (until item 9)
Gina George - Retail Director (until item 9)
Rod Giddins - Palaces Director (until item 9)
Danny Homan - Communications and Development Director (until item 9)
Graham Josephs - Human Resources Manager (until item 9)
Jane McKeown- Interim Finance Director (until item 9)
Alyson Lawton - Trust and Company Secretary (until item 9)
- Apologies:** Dawn Austwick
Sir Trevor McDonald

1. Chairman's comments

- 1.1 The Chairman noted apologies received from those not able to attend the meeting.

2. Minutes of the previous meetings

- 2.1 The minutes of the meetings held on Wednesday 28th January 2008 were approved.

3. Matters Arising

- 3.1 There were no matters arising.

4. Strategic Development

4.1 The Strategic Plan 2009-13 incorporating the Annual Operating Plan 2009-10

- 4.1.1 The Board noted the contents of the Plan. The Chief Executive presented the highlights of the Plan, which the Board then discussed by sections.

1. Give the Palaces the care they deserve. Sir Hugh Roberts felt that there was a good spread of work planned for the collections and buildings. The projects completed such as the work in Base Court would give Trustees confidence that these would be achieved well. With the current economic circumstances and the level of funds required for Kensington Palace, the Conservation and Learning Director explained that he had slowed down the rate of buildings projects. This did not mean that projects were being stopped but that he was managing the pace and particularly the planning period for them. He felt that this was acceptable on the assumption that the levels of investment would improve again from 2013 onwards. The Board asked for and were given examples of where projects had slipped back. In summary, the Conservation and Learning Director noted that if the level of investment came back in year 4, all top 10 buildings projects could be done within the original 10 year timescale, with the exception of

the Banqueting House. This of course is subject to any other conservation priorities requiring attention at the time. Trustees agreed that the Conservation and Learning Director was best placed to agree with the Executive Board on which projects slipped within the programme.

2. Transform the way that visitors explore their story

More organisational effort happens in this area than any other as it is the umbrella for a number of different activities including audiences; families, learning and education strategies; palace personalities; visitor journey and some transformational projects.

The Board noted that

- The recently approved Education Strategy had been beneficial as a framework for discussions and would provide a platform for debate about our future vision.
- The extent of work on the Jewel House for 2012 at the Tower of London would depend on external funding.
- To have the widest possible impact, one challenge was how our education and outreach work might reach into the wider local community. This would appeal to corporate funders. The Conservation and Learning Director would consider this in the Outreach Strategy which would be coming to the Board in July.
- There was a small project for re-furnishing of the Chapel of St John in White Tower. It was agreed that when plans were developed, Sir Hugh Roberts and Sophie Andreae would be consulted.

The Board welcomed the news that the Heritage Lottery Fund had granted Historic Royal Palaces a stage one pass on an application for £1 million for the Kensington Palace Project and discussed the challenge of raising the remaining funding.

The Board debated aspects of the membership scheme and asked for further information.

3. Have wider impact in the world

The Board endorsed the work being planned for HRP online and our Outreach and Community Involvement programmes and gave their views on the opportunities connected with the London Olympics in 2012.

4. Build one organisation united behind our Cause

The Board endorsed the main programmes within this aim.

5. Generate the Money to make it all possible

The Chief Executive noted the challenge of reaching a balanced budget. The Board asked about various aspects of the financial plan. The Board agreed that they were content with the balance of spending on our charitable objectives, given the current economic challenges.

- 4.1.2** 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 senior managers, the Trades Union partnership meeting, all staff via roadshows and Department for Culture, Media and Sport officials during March and April.

4.2 Henry VIII: Heads and Hearts

- 4.2.1** The Board visited the recently re-opened Base Court and re-presented Tudor

Route at Hampton Court to follow up the presentation made at the last Trustees' Meeting. The Board were encouraged by the improvement this had made to the visitor experience and commended the quality and volume of work by all those involved.

5. Monitoring Performance

5.1 Chief Executive's Written Reviews for February 2009 and March 2009

- 5.1.1 The Board noted the contents of the Chief Executive's Reviews for February 2009 and March 2009. The Board were pleased to note that the Chairman had been reappointed by HM The Queen on advice from the Secretary of State for a further three years commencing May 2009 and that HM The Queen had also appointed General Sir Richard Dannatt as the 159th Constable of the Tower. This appointment would be with effect from 1st August.

The Chief Executive also reported that The Department for Culture, Media and Sport were now providing a further £250,000 to complete the conservation work on the Fusiliers Building in the Tower of London, for which they are responsible.

The Association of Leading Visitor Attractions had recently published a list of the UK's most visited sites for the calendar year 2008. The Board were pleased to note that the Tower of London remained the UK's most visited paid attraction and most visited historic site, and had moved up one place in the top 10 UK Visitor Attractions.

5.2 Financial Performance

- 5.2.1 The Board noted the contents of the Interim Finance Director's report on the year to January. Since the papers had been circulated, the results to February had been completed and remain on track. The Interim Finance Director explained the designations recommended in the report. The Board approved the usual year end project carry-overs in keep going and major projects - current estimate £1.9 million including irrecoverable VAT; the designation for Disability Discrimination Act projects in 09/10; the payment of an additional £345,000 to the pension fund prior to the year end and the designation of any further funds that are available at year end to the Kensington Palace Development Fund.

6. Projects and Expenditure

6.1 The Devereux Tower at the Tower of London

- 6.1.1 The Board noted the contents of the report for the conservation and repair of the Devereux Tower and adjacent inner curtain wall at HM Tower of London. Since the report had been written, the Conservation and Learning Director had received a price for the roof repairs which was within budget. This gave him further confidence about the cost estimates in the paper. Procurement was in line with the new partnering approach. Malcolm Reading felt that the percentage allowed for fees seemed very high and asked for a breakdown. The Conservation and Learning Director explained that this also included the allowance for archaeology and Construction and Design Management. He felt that the allowance made for archaeology was sufficient as this project was not like the recent Base Court Project at Hampton Court Palace, where there were more unknowns. The Board authorised the investment decision for the project within a budget of £949,000 plus VAT.

6.2 The Lease of the Arches adjacent to the Wharf Café.

- 6.2.1 The Board approved the lease of the arches on the proposed heads of terms.

7. Governance and Organisation

7.1 The Investment Committee Update

- 7.1.1 The minutes for the Investment Committee held on 28th January were noted. The Chairman of the Investment Committee, Sir Adrian Montague, gave a verbal update on the meeting that took place since then on 17th March. The current policy was to ensure cash deposits were secure, however this meant that the yield had now become very low. At the meeting, the Board had considered a paper which started the process of looking at alternative investments where the yield could be greater. At their next meeting, the Committee would receive a presentation from a liquidity fund to understand the options before coming back to the main Board. He noted that where interest rates were at the moment, our current policy would put a strain on the budget for interest income for next year, falling short by £350,000.

As agreed at the previous meetings, 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.

7.2 The Audit Committee

- 7.2.1 The Board appointed Sophie Andreae as a member of the Audit Committee.

7.3 Change to the Delegations – Energy Procurement

- 7.3.1 The Board noted the contents of the report and agreed that energy procurement did not require the Board's approval provided that procurement continued to be through the Office of Government Commerce and that there was no significant change to the current policy of procurement.

7.4 The Register of Interests

- 7.4.1 The Board noted the changes reported to the register of interests.

7.5 Trustees' Meetings 2009 and 2010

- 7.5.1 The Board noted the revised locations for 2009 and the dates for 2010. The arrangements for the Strategic Planning Session on Monday 28th September were discussed and it was agreed that it should be held in the late afternoon.

8. Any other Business

- 8.1 Sir Roger Wheeler advised the Board of new appointments at the Royal Armouries; Lt General Jonathan Riley would be Director General & Master of the Armouries and Janice Murray, currently working as Interim Chief Executive, would now take up the post permanently.

9. Board Effectiveness Evaluation

- 9.1 The Board noted the contents of the Chairman's report. In summary the Board remained happy with the overall effectiveness of the Board and its Committees. The only area of significant concern from the generally satisfactory evaluation was that of site visits since the current format for these visits was not working. The Board concluded that longer site visits (separate from the Board Meetings) should be arranged for Hampton Court Palace, the Tower of London and Kensington Palace. The Board also agreed the other proposed actions relating to attendance, connecting with staff and post meeting reviews.

- 10 **Date of Next Meeting: Wednesday 20th May 2009 at The Royal United Services Institute (next to the Banqueting House, Whitehall).**