

## MEETING OF THE BOARD OF TRUSTEES

Kew, Wednesday 19th May 2010

Minutes

**Present:** Charles Mackay (Chairman)  
Sir Alan Reid (Deputy Chairman)  
Sophie Andreae  
Dawn Austwick  
Sir Richard Dannatt (until item 7.1)  
John Hamer  
Jonathan Marsden  
Sir Adrian Montague  
Malcolm Reading

**Apologies:** Sir Trevor McDonald  
Sue Farr

**In Attendance:** Ian Barlow – Chairman of the Campaign Board  
Michael Day - Chief Executive  
John Barnes - Conservation and Learning Director  
Tania Fitzgerald – Finance Director  
Rod Giddins – Palaces Group Director  
Alyson Lawton - Trust and Company Secretary



Historic Royal Palaces is the independent charity that looks after the Tower of London, Hampton Court Palace, the Banqueting House, Kensington Palace and Kew Palace. We help everyone explore the story of how monarchs and people have shaped society, in some of the greatest palaces ever built.

We receive no funding from the Government or the Crown, so we depend on the support of our visitors, members, donors, volunteers and sponsors.

### 1. Chairman's comments

- 1.1 The Chairman noted that apologies had been received from Sue Farr and Sir Trevor McDonald and welcomed Jonathan Marsden to his first meeting. Jonathan succeeded Sir Hugh Roberts as the Director of the Royal Collection on 1<sup>st</sup> May and is therefore a Trustee by virtue of this role.

### 2. Minutes from previous meetings

- 2.1 The minutes of the meeting held on Wednesday 17<sup>th</sup> March 2010 were approved.

### 3. Matters arising from previous meetings

- 3.1 The Chief Executive referring to 4.1.7 confirmed that the Strategic Plan 2010-13 had been updated as requested by the Board. A final version would be circulated to the Board.

The Chairman referring to 7.2 confirmed the dates proposed for the meetings in 2011.

The Chief Executive referring to 7.3 advised Trustees that the Board of the Royal Botanic Gardens Kew had agreed to a lease of the Royal Kitchens to Historic Royal Palaces. Details were being worked out.

#### 4. Strategic Development

##### 4.1 Review of Strategic Aim: *Transform the way that visitors explore their story.*

The Board noted the contents of the report. The Palaces Director gave a short presentation illustrating the range of events, activities and improvements. The Board discussed progress made.

Ian Barlow asked about interpretation on the website and virtual tours. The Conservation and Learning Director noted that *Henry VIII; Heads and Hearts* gave us the opportunity of developing content for the web but there was more to be done to achieve our storytelling ambition. Further initiatives both on and off site would start this year.

The Board gave their views and agreed in relation to Kensington, that it was important, whilst explaining the broad view, to remain authentic about what actually happened within the palace. Malcolm Reading asked about the overlay of major conservation projects to make the interpretation possible.

Ian Barlow asked about linking retail product to interpretation. Michael Day explained that new product has been developed, for example for Enchanted Palace at Kensington. Longer term planning for exhibition led product was being done but needed further improvement.

Dawn Austwick felt that Enchanted Palace was important as a research project and asked about the extent to which this would direct future plans. The Palaces Director explained that the experience was different from before and was in response to particular circumstances. The team were listening to visitor feedback and making some appropriate changes, explaining to visitors what they might expect to see. The aim had been to broaden our audience without turning off our core audience. With the development project underway, items from the collection and dresses needed to be taken from display and Enchanted Palace was our response to these circumstances. The Chief Executive felt that the exhibition extended our palette of interpretive possibilities. Nevertheless, the Chairman noted that Historic Royal Palaces would continue to pay strong regard to the requirements of our traditional visitors and the palaces' royal heritage.

John Hamer asked for further information on the work on learning styles. The Conservation and Learning Director would circulate this information to all Trustees.

The Constable felt that more could be done now to improve the visitors' experience of queuing at the Tower. The Governor has been experimenting with using live interpretation to engage with queues. The Constable felt that this could be even more targeted. The Board were interested to hear that the Conservation and Learning Director had recently visited Florida's theme parks and would be sharing observations with the Executive Board.

The Board noted the changes in our front line services and the work being done with team leaders and asked how the improvements at

Kensington might be applied to the Tower. The Chief Executive noted that the scale of visitor numbers at the Tower was significantly different. However there were lessons to be learnt and these were being shared together with the work on team leader development.

The Board agreed that they were satisfied with the progress made, although there was further opportunity for improvement at the Tower, and agreed with the direction of travel.

## **5. Projects and Expenditure**

### **5.1 Hampton Court Palace - Great Hall Court Phase 1 Project**

The Conservation and Learning Director introduced the case for this project and reassured the Board that the value of works was the appropriate cost. He noted that a large proportion of the on-costs were already sunk. Historic Royal Palaces enters into partnering arrangements for some projects which do not require competitive tendering. The Surveyor of the Fabric was currently reviewing the advantages and disadvantages of the partnering approach.

The Conservation and Learning Director noted Trustees' views on the costs of conservation projects. It was agreed that he would review our current approaches and report back at the September meeting.

The Board asked the Conservation and Learning Director to look at improvements to the visitor experience that could result from the project. The Chairman asked that future reports for phased projects indicated the likely costs of future phases. The Board authorised the investment decision for the first phase of the conservation works to Great Hall Court.

### **5.2 Hampton Court Palace - Real Tennis Court**

The Board noted the contents of the report. This project had been approved by Trustees in January 2008 but subsequently deferred due to affordability in the light of economic uncertainty in spring 2008. The Conservation and Learning Director apologised for not securing re-approval from Trustees for the higher amount of the project which was now underway. The Chairman emphasised previous approval for a given amount could not be regarded as approval to spend up to that amount when it was known, prior to the commencement of work, that the total costs would now be significantly higher. The Conservation and Learning Director explained that the difference in costs was due to poor early estimation in January 2008. Malcolm Reading challenged the figures now presented as the scope of work had not changed significantly. The Board asked for further information about costs, the scaffold and the arrangements with the Royal Tennis Club during the project.

The Board recognised that it was difficult to define the point at which to seek their approval. However leaving this until after the tender, when costs were firm was too late. In this case, the earlier estimates had been falsely precise. The Board asked the Conservation and Learning Director to review the approval process and come back to the Board with his

conclusions on timing.

The Board asked the Conservation and Learning Director to work with Malcolm Reading and Sophie Andreae to answer some of the Board's concerns over this project. These Trustees together with the Chairman were delegated with the authority to approve the project on behalf of the Board once they were satisfied with the answers. The rest of the Board would be informed of the outcome.

### **5.3 The Music Festivals**

The Board noted the contents of the report and agreed to the recommendations, subject to planning consent and scheduled monument clearance (if required), authorising the Palaces Director to conclude on contract terms and inform the Board of the outcome..

## **6. Monitoring Performance**

### **6.1 Financial Performance - The Year end position**

The Board noted the contents of the report. The Finance Director reported that subject to audit, the net surplus represented a £3.5 million improvement over the quarter 3 forecast and explained the reasons for the improvement. For the first time, retail sales were in excess of £10 million. The Board approved the proposed year end designations, including the carry- forward expenditure of £1.6 million.

### **6.2 Performance for first few weeks of 2010/11**

The Board noted the contents of the report. The Finance Director explained that the financial impact of the closure of air space due to the volcanic ash cloud had been significant. The impact is currently managed within our contingency plan. There had been a recovery since 3<sup>rd</sup> May and we would continue to monitor this closely. Sir Adrian Montague also noted that the cuts being proposed by the government would lead to some weakening in the economy.

### **6.3 The Reserves Policy**

The Board noted the contents of the report and agreed the continuation of target free reserves levels of £5.0 million for the charity, given the assessment of risks associated with the key income and expenditure streams.

### **6.4 Chief Executive's written reviews for April and May 2010**

The Board noted the contents of the Chief Executives Report. He advised that

- A date had been set for a meeting with the DCMS to brief them on the Strategic plan following their cancellation of the previous meeting
- Although the Art Fund judges were complimentary about Henry VIII; heads and hearts at Hampton Court Palace, the competition had been fierce and the palace had not been short listed for the prize.

Ian Barlow thanked the Finance Director for her analysis of the Annual Operating Plan by palace and noted the vulnerability of the organisation to the Tower of London in financial terms. Trustees noted that the main challenge was to increase visitors to Hampton Court significantly.

## **7. Organisation and Governance**

### **7.1 The Audit Committee**

The Board received a copy of the minutes from the meeting on 17<sup>th</sup> March 2010. Sir Alan Reid, The Chairman of the Audit Committee noted that there were no significant matters to report, other than some overrun on a number of assignments and deferral of others. The Head of Internal Audit had been asked to report back to the Committee.

The Board agreed to appoint Dawn Austwick to succeed Sir Alan Reid as Chairman of the Audit Committee with effect from 22<sup>nd</sup> June 2010 and also agreed that a process should be developed to find a professionally qualified non-trustee member to be co-opted by the Board to the Audit committee for autumn 2010.

On behalf of the Board, the Chairman thanked Sir Alan warmly for his significant contribution to the deliberations of the Audit Committee since his appointment as its Chairman in 2002. Sir Alan will step down as a member of the Committee but will continue as a Trustee.

### **7.2 HRPE Ltd**

The Board noted the contents of the report and nominated Michael Day to represent their interests at the AGM of HRPE Ltd on 15th June 2010.

### **7.3 The Register of Interests**

The Board noted the changes to the contents of the register reported since the last meeting.

### **7.4 The Remuneration Committee**

The Chairman of the Remuneration Committee gave a verbal update to Trustees on matters discussed at the Remuneration Committee that morning.

The Board confirmed Sir Richard Dannatt and Jonathan Marsden as members of the Remuneration Committee.

## **8. Review of Board Effectiveness**

### **8.1** The Board noted the contents of the Chairman's report which was based on a detailed questionnaire completed by Trustees followed by in depth interviews with each of them. The Board agreed that the findings fairly reflected their views. In summary the Board remained strongly positive about the overall effectiveness of the Board and its Committees. The paper also proposed areas for improvement in Board performance. The Board debated these and agreed on actions to be taken forward.

9. **Any Other Business**

The Chief Executive noted that the draft Annual Review had been circulated to Trustees for comment by 26<sup>th</sup> May.

10. **Next meeting:** June 21<sup>st</sup> at 61 Whitehall for the approval of the Annual Review and Financial Statements.