

MEETING OF THE BOARD OF TRUSTEES

The Tower of London, Wednesday 24th November 2010

Minutes

Present: Charles Mackay (Chairman)
Sir Alan Reid (Deputy Chairman)
Sophie Andreae
Dawn Austwick
Ian Barlow
Sir Richard Dannatt
Sue Farr
John Hamer
Sir Trevor McDonald
Jonathan Marsden (until item 5.2)
Sir Adrian Montague (From items 4.1 to 5.2)
Malcolm Reading



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.

In Attendance: Michael Day - Chief Executive
John Barnes - Conservation and Learning Director (excluding item 7.5)
Tania Fitzgerald - Finance Director (excluding item 7.5)
Danny Homan - Communications and Development Director (excluding item 7.5)
Graham Josephs - Human Resources Director
Alyson Lawton - Trust and Company Secretary(excluding item 7.5)
Chris Martin - Head of Development (for item 7.2)

1. **Chairman's comments**

1.1 The Chairman noted that this was the first meeting since Ian Barlow, Chairman of the Campaign Board, had been appointed to the Board of Trustees. Previously Ian had attended meetings as an observer. He also congratulated Sir Richard Dannatt on the announcement of his peerage. The Chairman also noted, with appreciation, the input and support of the Board during the recent Public Bodies Review,

2. **Minutes from previous meetings**

2.1 The minutes of the meeting held on Wednesday, 22nd September 2010 were approved.

3. **Matters arising from previous meetings**

3.1 The Chief Executive advised that a report on the overall strategy for Hampton Court Palace from an operations perspective had been postponed from this meeting to January due to pressures on the agenda. Emerging from this, there were important considerations about our domestic audiences that affected all Palaces and a separate study and report was being planned.

4. **Strategic Development**

4.1 **Strategic Plan 2011-2014**

4.1.1 The Board noted and gave their comments on the Chief Executive's Report on the conclusions from the Executive Board's October Strategic Review including the feedback from the Trustees' Strategic Planning Meeting. The discussions on the Public Bodies Review had influenced these conclusions.

In the current economic climate, building financial resilience was an important aspect of the Plan. The Board endorsed the challenge of a savings target on operating costs as good practice so that funds could be redeployed to other programmes or projects.

The Chairman of the Campaign Board reminded the Board that there was still a long way to go to achieve the funding target under the current campaign ending in 2013. Nevertheless, the next Campaign for 2014 and beyond should be developed within the next Strategic plan.

Social networking and web 2.0 was a strand of activity which should underpin all our work and marketing and should have more prominence in the plan. The Chief Executive advised that a strategy on social media was being developed and he would report back to the Board on plans in due course.

The Public Bodies Review had been an opportunity to explain in more detail our value as an organisation to Ministers. There was further work to be done to sustain and enhance our reputation. This would be in our Strategic Plan. The Board debated future strategic developments and asked the Chief Executive to report back in due course.

The Board approved the approach and noted that the Chief Executive and Finance Director would come back to the Board in January with a report on the financial assumptions for the plan. The developed plan would be presented at the March meeting for approval.

4.2 Review of Strategic Aim: Build one organisation united behind our cause.

4.2.1 The Board noted the contents of this annual review. Graham Josephs, Human Resources Director, noted that the overall message from the report was a positive one. He highlighted the progress made during the year, giving as examples the recruitment of high potential staff in operations at Hampton Court and Kensington Palaces; the engagement and performance of staff at Kensington; and the Action Learning Programme for managers to improve efficiency and to develop their own capabilities. However there were still other areas for improvement.

John Hamer asked about the extent to which volunteering might grow. At present we have more volunteers than we are able to provide opportunities. They provide services that otherwise we would be unable to do but are also important ambassadors for our cause.

The Board all agreed that the change in performance of staff at Kensington had been notable and this progress should be sustained and enhanced throughout the development of the Kensington project. The Board was also pleased that progress was being made towards greater diversity in our workforce. The Board asked about the staff survey, which is run every two years. HRP believes that the implementation of the action plans arising from these surveys is important and two years between each survey is about right to ensure these actions are embedded.

Trustees confirmed that they were satisfied with Historic Royal Palaces' current capabilities in managing and developing its staff and agreed the proposed strategic priorities for the year ahead.

4.3 Review of Pensions

4.3.1 The Board noted and discussed the contents of the review of the pension benefit provision. The Board approved the approach.

4.4 The Banqueting House Whitehall

- 4.4.1 The Board noted the contents of the Chief Executive's report. The Banqueting House is the last main surviving part of Whitehall Palace. The Palace was once the centre of court and government life but it is now largely unknown. The Banqueting House is often closed to visitors in order to hold functions and events. Consistent with our charitable cause to help more visitors explore the stories associated with all our palaces, including the Banqueting House, the Board welcomed the ambition to be fully open for visitors over a defined summer period and gave their views on longer terms plans and the links that could be made with other local organisations and buildings.

5. Projects and Expenditure

5.1 Catering tender and Wharf Café Project

- 5.1.1 The Board noted the contents of these reports on the catering tender and on the Wharf Cafe. Danny Homan, Director of Communications and Development explained the key objectives of the new catering tender, which covered all palaces.

The Wharf café had been a separate tender process but our preferred supplier had now withdrawn and the paper set out an alternative approach to this site. The Board discussed whether this should be included in the main tender and gave their views. The plan to open the Wharf Café in 2012 means that Historic Royal Palaces will now need to take control of the process to build and invest in the new structure. The latter being subject to the business case. This process will be run in parallel with finding the right proposition. The business case will need Trustees' approval but they confirmed their support in principle for proceeding with the project now to give ourselves the best chance of being open for 2012.

The Board discussed the main catering tender. It was important to be clear on investment that would form part of Historic Royal Palaces' infrastructure costs and any fit out costs to be paid by the caterer. The Board also discussed the key performance indicators. Trustees felt the current value for money target was too low. The Chairman noted that a relatively low percentage of our visitors eat in our catering establishments. The percentages have improved but we need to do better.

5.2 Event Organiser in the Moat at the Tower of London

- 5.2.1 The Board noted the report. The Board approved Ultimate Experience as the preferred supplier, and authorised a 5.5 year contract commencing with the first event season Winter 2011 and the last in Summer 2017 (excluding Summer 2012). The Board discussed the opportunities for Summer 2012.

6. Monitoring Performance

6.1 Chief Executive's Reports for October and November 2010

- 6.1.1 The Board noted the contents of the reports for October and November. The Board noted the good progress at Kensington Palace and that the Trustees at the Royal Botanic Gardens would be considering the transfer of the Royal Kitchens at Kew at their meeting the following day.

The Board noted the excellent progress on developments with the Jewel House re-presentation sponsorship and thanked the Chairman for his personal involvement in achieving this.

6.2 Revised Financial Management Information and performance to the end of October 2010

6.2.1 The Board noted the contents of the report which was part of the process of reviewing performance management. Performance for the period to the end of October had been reported in the new format, with more graphical analysis of trends and targets. The Board gave their views and agreed that it was a good step forward in performance reporting. Trustees concluded that more time should be allocated to explaining and understanding this important area at the January meeting and asked the Finance Director to give a presentation.

6.3 The Mid Year Forecast

6.3.1 The Board noted the contents of the report which showed an improvement in results of £1.2 million and sought to reinvest £0.6 million in additional work. This forecast had been prepared in September but due to an early Trustees meeting in September, this was the first opportunity for Trustees to discuss the review. The Finance Director reported that the actual results were already outperforming this forecast. Focus for the next forecast would be on project phasing and expenditure to achieve a more accurate outturn for the year. The income contingency of £2 million was intact and it was intended to maintain this for 2011-12.

The Board agreed the mid year forecast and asked whether there was a need to do so many forecasts during the year. The Board only needed to review one forecast and then be kept informed of any significant changes. The Finance Director will review the process.

Malcolm Reading asked about the basis for the estimate for planning consultants. Sir Richard Dannatt asked about plans for the Chapels' Royal at the Tower of London. The Chief Executive had asked the Governor of the Tower of London and the Palaces Group Director to prepare a joint paper to brief Trustees on these Chapels and the Chapel Royal at Hampton Court Palace and on how Historic Royal Palaces could reasonably give help and support.

7. Organisation and Governance

7.1 The Audit Committee

7.1.1 The Board noted the minutes of the meeting of the Audit Committee held on 29th September 2010. The Board also approved the revised terms of reference which provided for a co-opted member to the Committee. The Chair of the Audit Committee, Dawn Austwick, explained progress to date on this appointment. The Chief Executive and the Finance Director were also drawing up a list of staff to come to future Audit Committees to talk about how they managed risk within their area of the organisation.

7.2 HRP Inc

7.2.1 The Board noted the contents of the report on the governance of HRP Inc which is Historic Royal Palaces' charitable organisation in the United States. The Board discussed the contents and agreed to option C.

7.3 Nominations Committee

7.3.1 The Board noted the report covering the discussions at the recent Nominations Committee convened to consider the skills and experience needed in the two Trustee appointments to be made by the Department of Culture Media and Sport next April and May. The Board agreed

- the analysis of skills and sector experience together with the ambition

- for gender and diversity balance.
- that the specific skills associated with the two forthcoming positions should be
 - project manager/architect/surveyor
 - public engagement
- there was a case for reappointment of Malcolm Reading for an exceptional second three year appointment to fulfill the first role and that this case should be submitted to the DCMS.

7.4 The Trustees' Register of Interests

7.4.1 The Board noted the contents of the updated register.

7.5. Succession Planning

7.5.1 The Chief Executive gave a verbal update on succession planning. A full report for discussion will be on the agenda at the January meeting.

8. Any Other Business:

8.1 The Chairman reminded Trustees of their commitment to attend site visits.

8.2 Noting the announcement of the Royal Wedding on April 29th, Sue Farr asked about any special plans to mark this event. A temporary exhibition of historic Royal Wedding dresses was being explored.

9. **Next meeting:** Trustees' next Board Meeting will be on Wednesday, 26th January 2011 at Hampton Court Palace