

**HISTORIC ROYAL PALACES  
MEETING OF THE BOARD OF TRUSTEES**

**Hampton Court Palace, Wednesday 27<sup>th</sup> January 2010  
Minutes**

**Present:** Charles Mackay (Chairman)  
Sophie Andreae  
Sir Richard Dannatt  
Sue Farr (until item 6.3)  
John Hamer  
Sir Trevor McDonald  
Sir Adrian Montague  
Malcolm Reading  
Sir Hugh Roberts

**Apologies:** Sir Alan Reid (Deputy Chairman)  
Dawn Austwick

Ian Barlow - Chairman of the Campaign Board

**In attendance:** Michael Day - Chief Executive  
John Barnes - Conservation and Learning Director  
Keith Cima - Resident Governor of the Tower of London (from item 4.4)  
Danny Homan- Communications and Development Director  
Tania Fitzgerald - Finance Director  
Alyson Lawton - Trust and Company Secretary  
Sandra Botterell - Head of Marketing  
David Souden- Head of Access and Learning

**1. Chairman's comments**

1.1 The Chairman noted that apologies had been received from Sir Alan Reid, Dawn Austwick and also from Ian Barlow.

**2. Minutes from previous meetings**

2.1 The minutes of the meeting held on Wednesday 25<sup>th</sup> November 2009 were approved.

**3. Matters arising from previous meetings**

3.1 There were no matters arising.

**4. Strategic Development**

**4.1 The Strategic Plan 2010-13**

**4.1.1 Report on Financial Performance to 31<sup>st</sup> December 2009 and the Quarter 3 Financial Forecast.**

The Board noted the Finance Director's report on financial performance to the end of December 2009. It had been a good month for visitors but there had been a shortfall in events income at all Palaces compared with forecast. This reversed the improvement seen in November.

The Finance Director then discussed her report on the Quarter 3 Forecast explaining that for the first time it had been prepared on a month by month basis. There was still further work to do to achieve greater accuracy in the forecasting process. Overall, the improvement versus budget was now just short

of £5 million - an increase of £1 million above the previous forecast. This would be available for designation for future projects at the year end. A significant reduction in forecast on energy costs had been advised by our energy consultants at the Office of Government Commerce. The Finance Director signalled a measure of caution due to past volatility on such costs. The Palaces Director explained that energy costs were fixed by buying forward in April and October. The Board discussed how to optimise energy costs and asked the Finance Director to report back at the March meeting after further review.

Some project expenditure (building conservation, interpretation and other projects) planned for 2009/10 had been deferred to 2010/11. The Board observed that every year there was a similar adjustment to the forecast. The Chief Executive confirmed that the team needed to get sharper at planning the timing of projects and this was part of the work that the Finance Director would be doing to improve the accuracy of financial planning. The Board approved the Quarter 3 Forecast.

#### **4.1.2 Financial Assumptions for the Annual Operating Plan 2010-11 as part of the revised Strategic Plan**

The Board noted the contents of the Finance Director's Report. The Chairman observed that although this was an organisation that keeps its costs down by relating them to conservative income and visitor number assumptions, its ambition was to exceed visitor targets.

Since the report had been written, a further review of organisational capacity to deliver its project ambition had taken place, resulting in a reduction of planned projects of about £0.8 million. Next week, departmental plans would be reviewed in detail. The Chief Executive explained that he was confident that he would be presenting a balanced 2010/11 Annual Operating Plan to Trustees in March after adjustment for designations.

Malcolm Reading asked for confirmation that there was sufficient organisational capacity to deliver the projects remaining in the plan. The Conservation and Learning Director felt that the area in which capacity was of most concern was in delivering interpretation projects, especially in the second and third years of the Strategic Plan. There were also other projects for two to three years' time on which work was taking place now but on which there was little financial expenditure as yet. Sir Hugh Roberts noted that the Curatorial team would need to be undertaking the time-consuming research now for projects planned to be delivered in five years and beyond. Trustees agreed that quality should be preserved and asked the Chief Executive to consider whether there was a need for investment in additional posts to deliver the future plan.

Sir Adrian Montague asked about domestic and overseas visitor assumptions. The Communications and Development Director observed that in 2009/10 there had been a set of circumstances which had benefited European leisure travellers to London. This had been a combination of exchange rates, cheap flights and hotel capacity created by reduced business travel. The visitor model had been prepared as in previous years with the help of external consultants Trajectory and their presentation to the Executive Board had been circulated to Trustees. He would circulate Visit Britain's annual tourism trends to Trustees by the end of February.

The Board approved the assumptions set out in the report as the basis for the financial forecasts in the Strategic Plan for 2010-13 to be brought for full approval in March.

#### **4.2 Review of the 3.2 million visitor target**

**4.2.1** The Board noted the contents of the Chief Executive's paper. The Chief Executive explained that although visitor numbers for 2009/10 would be above the 3.2 million target, the target was about achieving an average 3.2 million

visitors per annum over a number of years because that is the level required for HRP to achieve its aims.

The Board agreed that 2009/10 had been a very successful year for visitors as we commemorated the 500<sup>th</sup> anniversary of Henry VIII's accession. The Board discussed whether the re-presentation of the Crown Jewels as part of the plans to celebrate the Jubilee Year in 2012 might have similar impact. The Communications and Development Director noted that there was high awareness of the Crown Jewels and the challenge was to answer the question "Why visit in Jubilee Year?" The Chief Executive confirmed that a briefing had been arranged for Trustees on 17<sup>th</sup> March to comment on plans for the Jewel House. The Board endorsed the key conclusions in the report.

#### **4.3 Review of the additional 2009/10 Marketing Investment**

Sandra Botterell gave a presentation on the impact of the additional marketing investment. The Chairman noted that in 2009/10, it had not been possible to separate the impact of additional marketing investment from the impact of Henry 500<sup>th</sup> anniversary. He observed that 2010/11, might give a better view of the impact of marketing investment, although there would be new incremental additions at Hampton Court and a new exhibition at the Tower,

Sue Farr noted that the Marketing and Communications teams had worked well together and this, added to the focus on Henry and being brave creatively had raised awareness and persuaded visitors to come. This could not have been done without the investment in new product.

Sir Richard Dannatt asked about the relationship with the Royal Armouries. Sandra explained that this had worked well. We had shared one identity for our work and the Royal Armouries were happy to adopt the same process going forward. The Board felt that Sandra and her team had raised the bar on what could be done and asked her to pass on congratulations to her team.

#### **4.4 Extending our reach through education and community work and on line**

The Board noted the contents of the report. The Conservation and Learning Director thanked the Chairman, John Hamer and Ian Barlow for their input. Trustees gave their views on the pilot projects. John Hamer felt it was the right approach to be working in partnership with local authorities; eventually he hoped this would widen to other bodies. They were pleased to see the pilot scheme would be based at Kensington and to hear of the discussions with the local borough. Trustees also felt that the scheme was likely to appeal to funders and would have application at other Palaces. Malcolm Reading noted the need to allow time to evaluate fully and brief the lessons learnt to the other palaces. The Board endorsed the pilot schemes.

A second part of the proposal was preparing for the digital age. The digital world was rapidly changing and Trustees agreed that this was an important area as it was becoming an increasingly powerful tool especially for young people. The Board endorsed the proposal. The Chief Executive will report back on the results of the first stage.

#### **4.5 The Tower Long Term Plan**

The Board noted the contents of the report. The Governor of the Tower of London explained that costs would be drawn out through the project process and that there were actions outstanding to link the plan with the World Heritage site Master Plan, into the wider Historic Royal Palaces Strategy and with the development plans. Since the long term plan had been written, the Chapel of St John project had also been included.

The Board gave their comments, noting the challenge of interpreting topics such as a “torture” for today’s audiences. They also gave their views on the headline programme “Royal Mint” and the opening up of Mint Street. The Chairman explained that in order to achieve this, he understood that there were a significant number of connecting projects and enabling works. Malcolm Reading asked when it would appear in the projects plans. The Chief Executive explained that each of these needed to be defined as a project and then scheduled into the overall timeline of projects as part of the Strategic plan in March.

John Hamer asked about the order noting that some issues have impact on the visitor experience. The Governor confirmed that where there were matters that could be addressed immediately, they were being done.

The Chairman asked whether it might be possible to develop defined routes for visitors to the Tower as a guide on what to see, similar to Hampton Court Palace. The Governor noted this suggestion confirming that orientation was a problem which needed to be resolved. Recognising that much of the detailed thinking and prioritisation remains to be done, the Board endorsed the overall principles and direction contained in this plan.

## **5. Monitoring Performance**

### **5.1 Chief Executive’s written reviews for December 2009 and January 2010**

The Board noted the content of both reports. From his December report, the Chief Executive confirmed that the plans for Base Court were proceeding. The Board were also pleased to note that both Dawn Austwick and Sue Farr had been reappointed as Trustees for a further three years commencing on 1<sup>st</sup> April 2010.

From his January report, the Chief Executive provided an update on

- Developments at Kensington Palace relating to the trees. He would brief Trustees who sit on the Kensington Palace Development Project Committee separately.
- Kew and the project to open the Royal Kitchens. The Conservation and Learning Director reported that the Historic Royal Palaces Project team had been invited to present to the Trustees of the Royal Botanic Gardens at Kew on 18<sup>th</sup> February.
- The recent Yeoman Warder Investigations.

The Board asked him to pass on their congratulations to Lin Kennedy, Manager of the Banqueting House Whitehall for her award of an MBE in the New Year’s Honours list for services to the hospitality industry.

## **6. Projects and Expenditure**

### **6.1 The Revised Memorandum of Understanding with the Royal Household**

The Board noted the contents of the report. The Conservation and Learning Director thanked Sir Hugh Roberts as Director of the Royal Collection for his help in revising the memorandum. Subject to a couple of minor points for amendment, Sir Hugh confirmed his agreement. The Board approved the revised memorandum for signing.

### **6.2 The Visitor Engagement System**

The Board noted the contents of the report. The Board commented on the project and noted that approval for the investment would be requested at their July 2010 meeting.

### **6.3 Kew Operating Arrangements 2010-2012**

The Board noted the contents of the report and the conclusions reached since the last discussions at the September meeting. The Palaces Director also briefed Trustees on recent management issues at Kew.

- 6.4 Working for Life**  
The Board noted the contents of the report. The Governor of the Tower of London expanded on the proposal which was a opportunity for both organisations. The Board noted the role that the Governor and his personal assistant Alison Wilson had played in achieving the success of this scheme and agreed the principles of the approach proposed.
- 6.5 Brick Tower, The Tower of London**  
The Board noted the contents of the report and authorised the Investment Decision for the project within a budget of £1 million plus VAT.
- 7. Organisation and Governance**
- 7.1 The Register of Interests**  
The Board noted the changes to the register of interests and agreed to inform the Trust and Company Secretary of further changes as and when they occur.
- 8. Any Other Business**
- 8.1** Malcolm Reading congratulated the team responsible for the recent work on the Lion Gates at Hampton Court Palace.
- 8.2 Variation to the Contract with the Department for Culture, Media and Sport**  
The Board agreed a variation to the contract with the Department for Culture Media and Sport to substitute a revised map for Schedule A 3(a) Kensington Palace to show the transfer of an area of land from the Royal Parks. This will enable the new access from the Broad Walk to be created as part of the project "Welcome to Kensington – a palace for everyone"
- 8.3 Governance Review**  
In November 2008, The Board had agreed that a detailed governance review based on a full questionnaire would take place every three years and in the intervening years there would be update reviews. The Chairman confirmed that it was time for a detailed review and that the questionnaire would be sent out shortly. This would be followed by one to one meetings with the Trustees. The Chairman would report conclusions to the May Trustees Meeting.
- The Strategic Planning Session would take place on the 27<sup>th</sup> September between 4 -7pm.
- 9. Next meeting:** Wednesday 17<sup>th</sup> March 2010 at the Tower of London