

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

**The Tower of London, Wednesday 17th March 2010
Minutes**

Present: Charles Mackay (Chairman)
Sir Alan Reid (Deputy Chairman)(from item 4.1.2)
Sophie Andreae
Dawn Austwick
Sir Richard Dannatt (until item 4.2)
Sue Farr
Sir Trevor McDonald
Sir Adrian Montague
Malcolm Reading
Sir Hugh Roberts (from item 4.1.3)

Apologies: John Hamer

In attendance: Ian Barlow - Chairman of the Campaign Board
Michael Day - Chief Executive
John Barnes - Conservation and Learning Director
Keith Cima - Resident Governor of the Tower of London
Gina George - Retail Director
Rod Giddins - Palaces Group Director
Danny Homan- Communications and Development Director
Graham Josephs- Human Resources Director
Tania Fitzgerald - Finance Director
Alyson Lawton - Trust and Company Secretary

1. Chairman's comments

1.1 The Chairman noted that apologies had been received from John Hamer who had commented on the papers and indicated his approval to the relevant agenda items.

2. Minutes from previous meetings

2.1 The minutes of the meeting held on Wednesday 27th January 2010 were approved.

3. Matters arising from previous meetings

3.1 The revised Memorandum of Understanding with the Royal Household (MoU)

Sir Alan Reid had asked for a few minor changes to the document. These have been incorporated but were not considered sufficiently significant to require re-authorisation of the whole MoU document by the Board.

Governance Review

The questionnaire for the Board and Committee Effectiveness Review was distributed to Trustees. The Chairman asked Trustees to return the completed questionnaire to him by April 9th. He would be arranging review meetings with each Trustee in sufficient time to bring their conclusions for discussion at the May meeting.

4. Strategic Development

4.1 The Strategic Plan 2010-13 incorporating the Annual Operating Plan 2010/11

4.1.1 The Board noted the contents of the Plan. The Board discussed the 2010-12 economic context for the plan and gave their views.

4.1.2 *Give the Palaces the care they deserve*

The Conservation and Learning Director explained how success is currently measured. A detailed report is planned for the September meeting. In 09/10, we cautiously held back some of the budget in the buildings programme partly as a saving measure and partly due to the practicality of the pace. We plan to reinstate some of this in 10/11 (year 4 of the 10 year plan) and review priorities and investment in year 5. Malcolm Reading cautioned against the notion of any “resetting” of the plan. The Conservation and Learning Director explained that the review was to confirm that the original priorities were still correct and that projects were grouped and ordered in the right way. He also recognised that at the end of each year, the programme was behind on spend. He felt this was a forecasting issue which was common to other areas of the organisation. The team were not swift enough in getting through the processes and were also being called upon to deliver some of the other organisational ambitions. The Chairman noted that reinstating the budget would close the gap but not catch up on programme entirely. Malcolm Reading noted that nevertheless this was exceptional delivery and projects were of world class quality.

The Trustees also debated the concept of backlog. The Conservation and Learning Director felt that one needed to be careful about talking of backlog as the 10 year programme was a planned cycle of maintenance and drew the analogy of thinking about one’s own property – there were always jobs to be done but they didn’t need to happen yet and some such as roof replacement were only required every 40 years.

The Constable asked about the extent to which projects are solely maintenance or combined with enhancements. On the whole, the building programme is about conservation but sometimes we add back. Gilding the dome at Hampton Court Palace as part of the Clock Court project was an example of this. Sophie Andreae felt that there could be further potential.

The Chairman asked the Conservation and Learning Director to report on all these aspects in September.

Sue Farr asked about the relativity of expenditure on buildings, collections and gardens. John Barnes explained that the table showed only external expenditure but unlike the buildings, there were in house teams of textile conservators and gardeners who did the work on collections and gardens. Trustees felt that it would be more helpful to add these into the comparisons for better understanding. The new landscape and gardens work were also a large part of the Kensington project and had not been included either. This would be brought together to show a clearer picture in September. Sir Adrian Montague asked about the work on agents of decay.

Ian Barlow asked about the extent to which projects could be packaged for fundraising. John Barnes explained that these conversations were ongoing with the Head of Development. Sue Farr noted that gardens always had wide appeal.

4.1.3 *Transform the way that visitors explore their story*

The Chief Executive went through the plans which included the major projects, the interpretation programme, the families strategy and service improvements. The Board were pleased with the proposals.

4.1.4 *Have wider impact in the world*

The Chief Executive covered the main items which included the first outline of the programme for the Jubilee Crescendo in 2012. More detail was being developed and he would come back to Trustees in due course.

Ian Barlow felt it important to bring out the role of membership which built support for our Cause. Michael Day agreed that HRP’s members were an important

group and would add this point in this section. Their role in supporting the *Enchanted Palace* at Kensington was being formally recognised in the literature.

Dawn Austwick observed that part of extending our reach involved “preparing for the digital age” but noted that this technology was already here. The Communications and Development Director explained that although work in some areas of our business was exploiting the digital age and winning awards, the education area was slightly lagging behind. A study on our future digital strategy was being conducted in parallel to developing the next stage of our web presence. This would define the long term future and will be ready in the autumn.

4.1.5 *Build one organisation united behind our Cause*

The Board asked about the specific work to put the customer first. The Human Resources Director explained the plans. Michael Day agreed to make a slight change to the document to reflect what’s already planned in this area.

4.1.6 *Generate the money to make it all possible*

The Chief Executive covered the main points which built upon the assumptions approved at the last meeting. He referred to the 2010/11 marketing campaigns for the Palaces. The Retail Director reminded Trustees of the principal elements of the Retail Strategy. Trustees asked whether there was any opportunity for a temporary café whilst the work for the new Wharf Café was happening. The Conservation and Learning Director explained why this was not practical. Michael Day explained the work taking place to look for new business opportunities.

Financial Performance

The Finance Director explained the financial schedules. Ian Barlow asked about the results by palace. The Chief Executive explained that the individual palace results were driven by the relative cost and capacity of the site and agreed to include this information with the next Chief Executive’s report.

4.1.7 *After 2012*

The Chief Executive explained the outline plans from 2013 to 2020.

The Chairman congratulated the Chief Executive and the team for an extraordinary year and on a good yet prudent plan for 2010 to 2013. The Board endorsed the Strategic Plan including the Annual Operating plan 2010/11. The Chief Executive would produce a final version to take into account the points made.

4.2 The Contingency Plan

4.2.1 The Board noted the contents of the report which was an update on the paper agreed by the Board in July 2006 using the same principles. Tania Fitzgerald reported that following the discussion at the Trustees Meeting last summer, a report on insurance had been developed subsequently for the Audit Committee. The Executive Board had since discussed the question of buildings insurance as part of the contingency plan and had concluded that the current practice of self insurance of the buildings should continue. This decision was based on the DCMS direction not to insure as the buildings were part of the Government estate and the significant cost of the cover. The Trustees asked to be sent a copy of the paper discussed at the Executive Board.

In tracking changes to visitor numbers since 1990/91, factors such as free entry to museums and significant investment in competitor attractions have had as much if not more long term impact than recessions or single events.

Sir Alan Reid felt that the paper would provide good assurance to the auditors as part of the general requirement to satisfy the going concern principle. The Board made their comments on the contingency plan, and approved it. A copy of the updated plan will now be lodged with the DCMS.

4.3 The Designation of Reserves for the year ending 31st March 2010

- 4.3.1** The Board noted the contents of the Finance Director's report. Since the papers had been issued, the February results had been finalised. All themes reported last month have continued including the recovery in visitor numbers and lower than expected expenditure on projects. The latter are likely to be resulting from timing differences rather than cost savings and would increase the year end project carry-over to 2010/11. As at the end of February therefore, the reported surplus is better than quarter 3 forecast indicating that funds available for designation will be greater than reported in the paper. Tania Fitzgerald explained the subsequent discussions on the proposal for designations. The Board approved designations for
- The year end project carry-over spend
 - £4.9 million for projects listed in the table section 3 (c) in the report
 - the first £0.5 million of additional funds from the financial result better than quarter 3 forecast, to meet the needs of the planned conservation programme for 2010/11

and agreed that any further funds would be designated for the next "crescendo" project – Hanoverians. The value of the year end project carry-over and the designation for the "Hanoverians" would be determined at the year end.

4.4 The Development Campaign

- 4.4.1** Ian Barlow, as Chairman of the Historic Royal Palaces' Campaign Board introduced the Head of Development's report. The report reflected the current challenges. He reported that the development team was working effectively and fundraising was on track.

Chris Martin, the Head of Development gave a presentation on the public campaign for Kensington and the challenges that lay ahead for fundraising. The Board asked about additional resources to support the campaign. The Chairman observed that although the £20 million campaign was on track at the halfway stage, the second half was certain to be more challenging given the approaches already made. He asked Trustees to think of further names who might be approached for individual donations. Ian Barlow reminded the Trustees that our case for support was based on the opportunity to be part of the exciting plans we had for the palaces, not on need and in that sense, fundraising was a harder than in some other charities.

The Chairman and Chief Executive had agreed that a review of the development strategy would take place later in the year. This would include benchmarking against other organisations, for example to check whether we were committing enough resources to Development and whether it would be realistic to raise our expectations for fundraising. It should also explore other questions such as how best we should broaden our reach to high net worth individuals and whether In the light of the current economic outlook, there was a need to reposition our message to have further appeal to the corporate market and their social responsibility agendas. Ian Barlow reminded the Board that our schools, outreach and community programmes such as Working for Life will appeal to this sector. Was there also further opportunity for accessing public sector grants?

Dawn Austwick observed that Historic Royal Palaces was still fairly young in terms of our fundraising history. Relationships with donors of other organisations had developed over a number of years. Michael Day also observed that the pressure in other organisations in the museums and cultural sector was different as their development teams were funded through grant in aid from the DCMS. The Chairman thanked Chris Martin and his team for their work

5. Monitoring Performance

5.1 Chief Executive's written reviews for February and March 2010

- 5.1.1** The Board noted the contents of the Chief Executive's reports for February and

March 2010. From the reviews, the Board

- Were pleased to hear that *Henry VIII; heads and hearts* at Hampton Court Palace had been long-listed for the Art Fund Prize for Museums and Galleries 2010.
- Heard of developing discussions with the Royal Mint on its future involvement in the Tower of London.
- Noted recent developments regarding the Yeoman Warder investigations.
- Asked the Chief Executive to congratulate Ruth Gill (Head of Interpretation) and Lucy Worsley (Chief Curator) for their recognition in the Cultural Leadership Programme's *Women to Watch* initiative.
- Noted the result of the recent preliminary hearing with regard to the Jolly Boatman judicial review challenge.
- Discussed the plan for late openings of the *Enchanted Palace* at Kensington

6. Projects and Expenditure

6.1 The Extension of the Contract for Live interpretation

The Board noted the contents of the report and agreed to extend the Past Pleasures' live interpretation contract for two years from April 2010.

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.

7.2 Trustees' Meetings 2011

The Board noted the dates of the proposed meetings and agreed to advise the Trust and Company Secretary of any dates where they not able to attend.

7.3 Variation to the Contract with the Department for Culture, Media and Sport (DCMS) in relation to the Royal Kitchens at Kew

The Board noted the contents of the report. The Palaces Director gave an update on progress since the report had been written. The Board approved a variation to the Contract with the DCMS relating to the Royal Kitchens at Kew and gave authority to the Chairman to agree the final wording in the light of any comments from the DCMS or to an alternative contractual agreement with Kew should that be considered necessary.

8. Any Other Business

8.1 Sir Alan Reid advised the Board that Her Majesty The Queen had reappointed both Sir Trevor McDonald and Sir Adrian Montague as Trustees for a second term of three years, commencing on 1st April and 1st July respectively.

8.2 This was Sir Hugh Roberts's last meeting as a Trustee as he was retiring as Director of the Royal Collection at the end of April. On behalf of the Board, the Chairman thanked Sir Hugh warmly for his contribution throughout his involvement with Historic Royal Palaces starting when it was an agency of the DCMS. Sir Hugh became a founding Trustee on change of status to a charitable trust in 1998 and had subsequently made a hugely significant contribution to the deliberations of the Board and to Historic Royal Palaces generally.

9. Next meeting: Wednesday 19th May 2010 at Kew