

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

**Hampton Court Palace, Wednesday 25th July 2007
Minutes**

- Present:** Charles Mackay (Chairman)
Sir Alan Reid (Deputy Chairman) until item 6
Bridget Cherry
Sue Farr
John Hamer
Sir Trevor McDonald
Sir Hugh Roberts
Malcolm Reading
Sir Roger Wheeler until item 6
- Apologies:** Dawn Austwick
Sir Adrian Montagu
- In attendance:** Michael Day - Chief Executive
Graham Josephs - Human Resources Director
Adrian Phillips- Surveyor of the Fabric
Sally O'Neill - Finance Director
Alyson Lawton - Trust and Company Secretary

1. Chairman's comments

- 1.1 The Chairman welcomed Sir Trevor McDonald to his first formal meeting and noted that in addition to the formal apology already received from Dawn Austwick, Sir Adrian Montague, who had been appointed to the Board from 1st July had advised last night that he was now not able to attend today and explained the reason.

2. Minutes of the previous meetings

- 2.1 The minutes of the meeting held on 15th May 2007 and on 25th June 2007 were approved.

3. Matters Arising

- 3.1 The Chief Executive reported subsequent discussions with Sir Alan Reid about the Jewel House.

4. The Staff Survey and the Action Plan.

- 4.1 The Board noted the contents of the report. The Human Resources Director briefed the Board on the key messages in the report, concluding that there were no areas of major concern but the results would help us to improve. The Board asked him to explain the detail of some of the conclusions. The Board noted that there was a commitment to conduct the survey every two years - however, from their perspective, they would be happy with a three year interval. The Board agreed that they were content with the process, encouraged by the high response rate and agreed with the conclusions, which painted a healthy and positive picture of staff engagement. They congratulated all concerned.

The Board agreed with the Human Resources Director that the most important element of the process was the action plan. Sue Farr, noting her particular interest in communication, had seen some innovative ideas in other organisations to improve face to face communication and offered to share these with the Human Resources Director. Whilst the Communications and Development Department had a role to play in internal communications, the Board felt that the primary responsibility rested with the Human Resources Function. The Board

agreed that they were happy with the contents of the action plan.

5. Strategic Aim 5: Generate the money to make it all possible.

- 5.1 The Board noted the contents of the Finance Director's Report. The Chairman drew Trustees' attention to the relative importance of the net contribution from each of the six major income streams.

Visitors

Trustees noted that there were a high proportion of fixed costs in this area and that a change in visitors would have a major impact on net contribution. The most significant variable cost was the marketing spend. Sue Farr believed that the level of investment in marketing was low, noting that there was a lack of awareness of our palaces and their facilities. She suggested some research to establish what the opportunity might be. The Chief Executive reported that for the last three years, due to market and economic factors, our overall approach had been retrenchment and that marketing had been an easy expenditure cut. However, this year we had increased expenditure in specific areas with the expectation that we would see a return that could be measured. He agreed that awareness levels were not as high as they needed to be. The Finance Director noted that the Communications and Development Director had suggested some research into our "fair share" of the market but that this was not currently in the budget. The Chairman felt that with limited resources his personal view would be to spend on awareness research rather than "fair share".

Retail

The Chairman noted that this area was the subject of further work. Sir Hugh Roberts observed that it was a difficult retail environment and suggested that the Royal Collection and Historic Royal Palaces might work more closely together for mutual benefit.

Functions and Events

The Finance Director felt that this area was a success story, with some Palaces already being near capacity, taking into account the constraints. A current study on the potential was due to conclude in the autumn. Given the importance of this area, the Board would welcome a separate debate on this activity. Bridget Cherry observed that it was important to consider the impact on wear and tear as part of the study.

Development

The Board noted the ambitious target for growth which was dependent on a fully functioning Campaign Board.

Before he left the meeting, Sir Roger Wheeler, as a Trustee of the Royal Armouries, briefed the Board on the recent discussions about the White Tower re-presentation. A joint project board, with members from the Royal Armouries and Historic Royal Palaces, was developing a proposal, which would come to both sets of Trustees by the end of September. This would involve a financial contribution from Historic Royal Palaces that was not currently in the Annual Operating Plan. Trustees agreed that a joint project was a good way forward and that if Historic Royal Palaces were to make a serious financial contribution, we needed to play a full and equal part in designing and delivering the project.

Catering

It was suggested that Historic Royal Palaces could review the number of catering outlets so that there were different levels of offer. The Board suggested, subject to appropriate permission, a few tables and chairs outside the New Armouries might be considered to signal the cafe and offered to facilitate the discussions.

Investment

The Board noted that a further report would be made to Trustees at their November meeting.

The Chairman thanked the Finance Director for her excellent and thorough report.

6. The Chief Executive's Report

6.1 The Chief Executive identified the following highlights

- The significant range of events and projects that had been delivered at all the Palaces in recent weeks.
- The recent developments regarding the setting of the Tower of London and its World Heritage Site Status. The Chairman also reported his recent actions. It was agreed that the Chief Executive and the Conservation and Learning Director would work with English Heritage and the Department for Culture Media and Sport (DCMS) and report back to the World Heritage Site sub Group (Charles Mackay, Bridget Cherry, Malcolm Reading).
- The response from the DCMS on insurance of the buildings. It was agreed that the Chief Executive would acknowledge the letter, confirming Trustees' understanding, after first consulting with Sir Adrian Montague for background advice on Treasury thinking.

7. Financial Performance

7.1 The Board noted the contents of the Finance Director's report, noting that a re-forecast was being prepared for the September meeting. The key risk areas were major gift income and delivering the retail contribution.

8. The Clore Learning Centre

8.1 The Board noted the contents of the Conservation and Learning Director's report on the final costs and lessons learnt. The lessons learnt had been very valuable and within this, especially, the need for good project management. Malcolm Reading noted that the Clore Learning Centre was a fantastic building and resource and he agreed that the lessons learnt were the key things to focus on, particularly

- The importance of including the impact of inflation in future budgets.
- How we might improve the performance of professionals and their obligations to stick to programme and cost.

Both Bridget Cherry and Malcolm Reading questioned the value of cladding the interior of the Barrack Block and felt that the process for developing future projects should allow review of early decisions. The Surveyor of the Fabric noted that the appearance of such buildings was a constant debate. It was agreed that Bridget Cherry and Malcolm Reading would review the lessons learnt on behalf of the Trustees with the Surveyor and the Conservation and Learning Director. Given her experience, the Chairman suggested that Dawn Austwick should be involved.

9. The Acquisitions Policy

9.1 The Chief Executive introduced the paper which contained some minor revisions to the previous policy agreed in 2003. A revised appendix B was distributed to reflect the level of delegations from Trustees on acquisitions discussed in March. The Board approved the revised acquisitions policy.

10. White Tower Cleaning and Conservation

10.1 The Board noted the contents of the paper, which was not asking for approval but was part of the policy to bring Trustees early notice of projects for information. Further detail on funding, interpretation and skills training/outreach would be

given in September as part of the review of the Strategic Aim 1: “*Give the Palaces the care they deserve*”. The Surveyor of the Fabric confirmed that money had been allowed in the budget for a level of interpretation and that some successful trial cleaning and repointing had been conducted last month.

11. The Tower Club

11.1 The Board noted the contents of the final report, which was in line with previous reports and that the audit was about to commence.

12. Board Committees

12.1 The Board noted the contents of the report and agreed to the recommendations for Board Committees, Outside Committees and Project Advisory Groups. In terms of formal Board Committees, Sir Hugh Roberts would join the Remuneration Committee and Sir Roger Wheeler would step down from the Audit Committee. The Chairman thanked Trustees for their support and work on all these groups. The Board noted the intention to develop a group to steer audience diversity work, terms of reference would be developed. Sir Trevor McDonald would chair this group.

13. Delegation of Authority to the Chief Executive

13.1 The Board noted the contents of the paper and agreed to the revisions in the delegation of authority together with the additional delegation that “acquisitions and disposals should be in accordance with the Acquisitions policy”. The Chairman noted that “any significant variation from the Annual Operating Plan” did not apply only to contracts and proposed that this should be included as a separate item. The Board agreed to his proposal.

14. Any Other Business

14.1 The Chairman noted that there had been a request to hold Trustees’ Strategic Discussions separately from the next Trustees Meeting rather than on the same day. It was agreed that this would be arranged during the week commencing 1st October.

15. Next Meeting: Wednesday 26th September at the Tower of London