

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

**Kensington Palace, Wednesday 28th November 2007
Minutes**

Present: Charles Mackay (Chairman)
Sir Alan Reid (Deputy Chairman);
Bridget Cherry
Sue Farr;
John Hamer
Sir Trevor McDonald
Malcolm Reading
Sir Hugh Roberts (until item 8)
Sir Roger Wheeler (from item 4.2)

Apologies: Dawn Austwick Sir Adrian Montague

In attendance: Ian Barlow (from item 7)
Michael Day - Chief Executive
John Barnes - Conservation and Learning Director
Graham Josephs - Human Resources Director
Sally O'Neill - Finance Director
Alyson Lawton - Trust and Company Secretary
Benedetta Tiana- Project Manager , "Henry" (item 6)
David Souden- Head of Access and Learning (item 6 & 7)

1. Chairman's comments

1.1 The Chairman noted, as had been agreed with the Board of Trustees, that Ian Barlow, as Chairman Designate of the Campaign Board would join future Trustees' Meetings as an observer. He also reported that in addition to the formal apologies already received from Dawn Austwick, Sir Adrian Montague had advised yesterday that he was now not able to attend today and explained the reason.

The Board agreed that Malcolm Reading would act as Chairman of the Tower of London World Heritage Site Consultative Committee.

2. Minutes of the previous meetings

2.1 The minutes of the meeting held on 26th September 2007 were approved.

3. Matters Arising

3.1 The Chairman noted that the Audit Committee had now seen the review on cash handling around the organisation requested at the June Meeting and were satisfied with the conclusions, which were that the risks in this area are handled well.

4. Strategic Development

4.1 The Board approved the note recording Trustees' headline conclusions from their strategic brainstorming session held on 1st October 2007.

4.2 The Board noted the contents of the Chief Executive's report covering feedback and conclusions from the Executive Board's strategic planning away days. The Chief Executive explained that the big projects already in the plan were the priority over the next three years and that he would produce a list for Trustees for their January meeting covering those projects which would be in the plan and those which would not.

John Hamer referred to the balance between commercial and charitable activities.

The Chief Executive explained that the organisation had the right balance but that sometimes there was a tension between them that surfaced at an operational level. However it was important that our commercial activities should be as good as our conservation and curatorial ones.

Malcolm Reading asked for information about how the major projects had been prioritised, especially when funds were tight. Sir Hugh Roberts suggested that, it would be useful to identify those which were intended to increase visitor numbers and those which were heavily driven by conservation issues.

Sir Alan Reid, noting that as requested by Trustees Education would be taking a higher priority in the next plan, asked what would be taking a commensurate lower priority. The Chief Executive explained the organisation would aim to work even more effectively and further detail on our Education strategy would be on the agenda in March. Sir Alan felt that the organisation was stretched and therefore that Trustees should be prepared to indicate matters which should take a lower priority or plan for more resource.

Sue Farr asked about the ambition to increase visitor numbers and suggested in particular the need to look at actions year on year to identify what was going to make the difference in our plans. She hoped for an opportunity to debate this at a future meeting.

At the September meeting, the Board had asked the Chief Executive to include the White Tower re-presentation in the project list. He reported that although we were committed to this, funds could not be found in 08/09 and that we would have to work together with the Royal Armouries to resolve this.

5. Build one organisation behind the Cause

- 5.1 The Board noted the annual report on this strategic aim. The Human Resources Director advised the Board that following discussion, the Executive Board had concluded that the area was “in good health but as always there was room for improvement” and highlighted the improvement areas. Trustees raised questions on the detail of the report in areas of recruitment; training; performance management; remuneration; diversity and volunteers. The Human Resources agreed to provide further detail to Bridget Cherry and John Hamer on volunteer hours. The Board confirmed that they were satisfied with Historic Royal Palaces’ current Human Resources capabilities and agreed the strategic priorities for the years ahead.

6. “Henry” at Hampton Court

- 6.1 Benedetta Tiana, Project Sponsor gave a presentation which covered the concepts for “Henry”. As this was the first time the Board had seen the ideas and were being consulted at concept stage, the Chairman asked the Board for their immediate reactions. The Board confirmed that they were generally content. However, they felt that the challenge would be in the development and execution of the ideas. The next step would be designing the experience and the Board expressed a range of comments which were noted and which will help to inform the design. A request for approval for a developed project would come back to Trustees in March with an update in January.

7. The Learning Strategy

- 7.1 The Board noted the contents of the report. Trustees felt that this was a difficult paper to absorb and a range of comments were expressed as follows;
- We are not a national provider of learning,
 - We have palaces with real histories and our learning aspirations should be linked to the physical aspects of the places that are particular to the stories.
 - It was important to develop the stories in such a way so that they are relevant for everyone and of relevance to today.
 - It was worthwhile to make these of contemporary relevance but it must be

clear to all this is based on our current interpretation.

- Trustees should be reassured that the earlier discussions on Henry indicated multiple approaches rather than a single view.
- The collective passion had led to being over ambitious in expressing reach, we need to link this to the audience work and identify what particular audiences can realistically gain from a visit to the Palaces.
- We should look at how we can link into other organisation's agendas.

As the paper covered every possible angle, the Chairman asked the Conservation and Learning Director what were the priorities. He felt they were

- The Education Strategy
- Defining the stories of the nation that have relevance for us
- Engaging Front line staff in the Learning Strategy
- The work on audiences
- E-learning on the website
- Continuing our work as a learning organisation.

Malcolm Reading noted that in the past we had talked about sharing our areas of expertise such as our excellence in buildings conservation; collections and interpretation and asked that this be considered. John Hamer asked whether in addition to the palaces being places to learn about us, there was an intention to provide spaces for general learning. David Souden thanked the Trustees for their comments. He observed that the places we look after do indeed tell important parts of the nation's history around which we should base our learning opportunities. However, he did not feel that we should be constrained to work only with that which happened within the Palaces' walls. He concluded by acknowledging the high level of ambition set out in the paper and the need to focus on achievable goals, whilst ensuring that we keep our sights high.

8. The Investment Strategy

- 8.1 The Board noted the contents of the paper and thanked the Finance Director for setting out the elements clearly. The Finance Director explained that the Executive Board considered this a valuable piece of work but that this was not the time to change our current policy. The Board agreed and asked her to keep this under review, providing them with an update in her annual review of the strategic aim of "*Generate the money to make it all possible*".

9. The Chief Executive's Reports for November and October

- 9.1 The Board noted the contents of the reports. The Chief Executive noted
- A Citizenship ceremony would be held at the Tower next February and possibly at Kensington.
 - Recent developments relating to the Jolly Boatman Site at Hampton Court Palace. The Board asked for further information for the next Trustees Meeting
 - The October report contained good work in many areas of activity.
 - The supporting information requested by Trustees in September on benchmarking pricing showed that our proposed prices for 2008-9 represented value for money when compared with other organisations.

10. Financial Performance to end of October

- 10.1 The Board noted the contents of the paper. Although visitor numbers were on track, there was a shortfall in visitor income. The Board asked about the current shortfall in overall income at the Banqueting House. The Finance Director explained that it was possible that we were at or near capacity for Functions and Events there. Trustees would receive a paper in January concerning the outcome of the Functions and Events Review.

11. The White Tower Conservation and Repair

- 11.1 The Board noted the content of the report. The Conservation and Learning Director explained that the project is no.1 on the 'top ten' list and that Trustees

had previously received reports in preparation for this request for authority to proceed. He said that the lowest tender was within estimates and he recommended acceptance. The Trustees asked for a breakdown of the add-on costs and asked for confirmation that the same disciplines were applied to these contractors as well as the main contractor. The Conservation and Learning Director explained that the consultant team were under framework agreements that were fully tendered. The Board of Trustees authorised the investment decision for the three phases of the project within the budget of £2 million plus VAT.

12. The Kensington Palace Conservation Plan

12.1 The Board noted the contents of the report and that Bridget Cherry and Malcolm Reading had reviewed the plan on behalf of the Trustees. Their comments had yet to be incorporated. Malcolm Reading proposed a reduction in the number of policies. The current list contained a mixture of policies, good practice and objectives. It was agreed that the Conservation and Learning Director would continue discussions with Bridget Cherry and Malcolm Reading to bring a revised list of key policies back to the Board.

13. Hampton Court Palace Lead Roofs Phase 3 -Clock Court East Range and Apt 35A Chimney.

13.1 The Board noted the contents of the report. The Conservation and Learning Director explained that he had no further verbal update on the tenders and noted that the project would cover a large range of roof work and continue through the period of the 2008 Music Festival but disruption would be minimal as the work was at high level. The Board authorised the investment decision for the project within the budget of £615,000 plus VAT (£689,000).

14. Pensions Update

14.1 The Board noted the contents of the paper. The Finance Director reported that since the last triennial valuation, the deficit had reduced to £2.0 million and not £2.8 million as reported in the paper. The Board agreed the actuarial assumptions; the investment strategy; the deficit funding and the future contribution rate subject to a final update on the investment strategy.

15. The Minutes of the Audit Committee

15.1 The Board received the minutes of the Audit Committee. The Chairman of the Committee identified the key matters of note namely the audit fees and the risk register. He also noted that as he had now served as Chairman for five years, he felt that it might be time to consider a change of Chair. All agreed that Sir Alan should remain as Chairman.

16. Next Meeting The next Board Meeting will be on Wednesday 30th January 2008 at the Tower of London