



Historic Royal Palaces is the charity that looks after

Tower of London
Hampton Court Palace
Banqueting House
Kensington Palace
Kew Palace
Hillsborough Castle

We help everyone explore the story of how monarchs and people have shaped society, in some of the greatest palaces ever built

We raise all our own funds and depend on the support of our visitors, members, donors, sponsors and volunteers.

Minutes

Meeting name: **Board of Trustees**

Date of meeting: **Thursday 22nd January 2015**

Location: **Hampton Court Palace**

Attendees: Charles Mackay (Chairman)
Dawn Austwick
Bruce Carnegie-Brown
Liz Cleaver (until item 7.3)
Lord Dannatt
Val Gooding
Sir Trevor McDonald
Jonathan Marsden
Louise Wilson
Rupert Gavin (Chairman Designate - as observer)
Malcolm Reading (Observer) (until item 9)

Apologies: Sir Alan Reid (Deputy Chairman)

In attendance: Michael Day - Chief Executive
John Barnes - Conservation and Learning Director (until item 9)
Tania Fitzgerald - Finance Director (until item 9)
Jane McKeown - Head of Financial Accounting (until item 9)
Dan Wolfe - Communications and Development Director (until item 9)
Alyson Lawton - Trust and Company Secretary

1. Chairman's comments

- 1.1 The Chairman welcomed Rupert Gavin to his first Trustees' meeting. Attending today as an observer, Rupert Gavin has been appointed Chairman when Charles Mackay steps down in May, which will allow time for an effective handover. Rupert Gavin thanked the Chairman for his warm welcome.

The Board congratulated Michael Day on his appointment as Commander of the Royal Victorian Order (CVO) in the New Year's Honours List and also recorded congratulations to Father Denis Mulliner of the Chapel Royal at Hampton Court Palace who had also been honoured with an LVO (Lieutenant of the Royal Victorian Order). The Board also noted the awards of MBE for the artist and designer of the Poppies installation at the Tower of London. The success of this would not have been possible without the hard work of very many HRP staff and volunteers in the project.

The Chairman was pleased to announce that HM The Queen had extended the appointment of Lord Dannatt as Constable for a further year from July 2015.

The Chairman also noted that this was Tania Fitzgerald's last meeting before commencing maternity leave and welcomed Jane McKeown, currently Head of



Financial Accounts, who would be Interim Finance Director.

He also noted that apologies had been received from Sir Alan Reid.

2. Minutes of the last meeting

- 2.1 The minutes for the meeting held on Wednesday 26th November 2014 were approved with one change.

3. Matters Arising

- 3.1 The Chairman reported on the change of ownership of the Jolly Boatman site at Hampton Court Palace. As yet we do not understand the implications. The previous owner had assured us that he had made the new owner aware of our interest in the site. There had been no direct contact so far.

4. Strategic Development

4.1 Domestic Market Strategy Update

- 4.1.1 The Board welcomed Dan Wolfe, Communications and Development Director, to his first Trustees' meeting since joining the Executive Board in October. Trustees had agreed an ambition to grow the domestic market as part of our 2020 Statement of Intent and this update represented his first reflections on that ambition. He noted three key matters; that we needed to do more work on gathering data; that growing the domestic market is not just a one-issue communications challenge, and that the proposed actions were intended to be specific and practical. He thanked Louise Wilson for her input and support in putting the update together.

Louise Wilson was impressed with how quickly Dan had got to grips with the issues and, in order to help support him, they had gone back to the original paper. This ambition was a challenge for the whole organization not just for the communications team. Whilst Dan is not able to control the plans for *Hampton Court 500* at this stage, he could capitalise on them as an early action.

The Board discussed the lack of accurate data on domestic visitors. In the past, information has been built up from samples from quarterly surveys, resulting in a fairly crude form of measurement. Country of origin data is now being collected for every other visitor at point of entry. The accuracy depends on current technology and the new ticketing system will add further improvements. The new approach will provide base data against which we monitor progress more accurately.

Liz Cleaver observed that it was important for our Digital Strategy to have just one customer relationship - currently we have disparate relationships with our customers. The new customer relationship management system will resolve this.

The Board discussed the reasons to grow our domestic audiences and the six strands of activity in the strategy. The intention was not just to increase our financial resilience but was also to fulfill our charitable cause. A better understanding of the data would enable us to understand the challenge and help us both engage local residents who do not currently visit the Palaces as well as encourage families coming to London who might currently visit museums but not consider coming to some of our palaces.

Val Gooding asked whether the 10-year ambition and growth rate was realistic. Dan Wolfe agreed that his measure had been relatively crude but advocated a flexible approach to the growth target, with Hampton Court Palace providing



the greatest opportunity.

Dawn Austwick asked about the thinking behind the new headline price increase at the Tower of London. Dan Wolfe explained the rationale. The Chairman noted that the Board had agreed that ticket pricing was a management decision.

One of the priority actions was to engage digitally with our audiences. Lord Dannatt noted that through data from the Poppies project we had potential to reach new audiences. Dan Wolfe agreed, noting there was a significant pool of “Poppies” contacts who had expressed a wish to hear more about us. A general update on the Digital Strategy was being planned for the May Trustees’ meeting.

The Board also welcomed the action to grow member visits and in particular the benefits of memberships renewed by direct debit; the importance of visits by friends and family of members, and the migration opportunity to become patrons. A loyal group of members also builds our financial resilience. A Gift Retail product was planned, but Dan Wolfe noted that extra resource was needed so that it can be sold effectively face to face.

The Chairman thanked Dan Wolfe for his update, endorsed the need for a much better understanding of our customer data and asked him to report back in due course.

4.2 Strategic Plan 2015-2018

4.2.1 The Chief Executive, Michael Day explained that the following two agenda items were presented as central parts of the new Strategic Plan which would come to Trustees for approval at their March meeting. These items provided an opportunity to understand these two elements in advance of the March meeting.

4.2.2 The Major Project Plans to 2020 and the Annual Themes for Creative Programming for the Strategic Plan.

4.2.2.1 The Board noted the report. John Barnes, Conservation and Learning Director, explained the plans in overview for each of the six sites, noting that these plans were work in progress as we had not yet managed to reduce the budgetary implications of years 2 and 3 down to an affordable level. He also reminded the Board that in parallel with this project plan was a creative events programme, which would support the offer for visitors.

The Board discussed the ambition for the Orangery at Kensington Palace; the Orangery would be linked to enhanced space behind it to provide a small study centre as well as creating back office accommodation for the long-term. The Chief Executive offered to present the latest thinking on the plans at the next Trustees’ meeting.

Compared with previous years, there is a significant amount of time and money in the forward plan that has been allocated to the major strategies, including the digital and learning & engagement strategies. Balancing the cost of the major projects and the high level planned conservation programme with these, has created a greater pressure on our resources and has, in some cases, pushed some of ambitions further into the future. John Barnes noted that since the report had been circulated there had been further minor changes to the information included on the strategies. A final version would be included in the Strategic Plan.

In the coming year, 2015/16, there will be a significant number of conservation and planned maintenance projects at Hampton Court Palace, as it was the



biggest estate. Louise Wilson asked about the impact on the visitor experience. A large number of the projects are in the grounds. The greatest visitor impact is in Base Court, Hampton Court Palace, and is the final phase of the brickwork project. Such work is part of our charitable aims and we will make a virtue of this for visitors. Work should be completed by May 2015.

The Board then discussed the proposed themes and welcomed the more sophisticated approach. Liz Cleaver felt that the teams were now working much more closely together using the same language when talking about audiences. She suggested that Trustees might hear more about the target audiences and the details of what the teams had planned. Dawn Austwick hoped that there would still be room in the programme for innovation.

Jonathan Marsden suggested further events that might be marked in the calendar for 2015/16 and agreed to discuss this further with the Chief Executive.

The Chairman, on behalf of the Board, thanked John Barnes for the briefing.

4.2.3 Financial Assumptions for the Annual Operating Plan 2015-6

4.2.3.1 The Board noted the report. HRP was on track to exceed 4.2 million visitors this year, due in part to the impact of Poppies. This represented a growth in visitor numbers of 45% over the last six years. The Finance Director, Tania Fitzgerald, gave a background overview, explaining, however, that the Executive Board did not feel that growth was necessarily likely to continue given the mixed economic picture. These indicators have been reflected in the financial model. There are also capacity constraints at the Tower and in other non-visitor-related areas of the business. During 2015/16, HRP would also be making a number of important investments that would not pay back for a number of years. Noting this context, there was an element of caution against next year's visitor target of 4.1 million, which was considered to be more stretching than any set in recent years.

Trevor McDonald praised the work of the team, noting the extraordinary impact of Poppies at the Tower and the work in-house to deliver it. He felt that should HRP become involved in a similar scale event, it was important that we get due credit for our significant contribution. Other Trustees agreed.

Louise Wilson felt that a good balance had been struck in the visitor target between the achievable and aspirational, and asked whether the Chief Executive was content with Trajectory, who had developed the original projection model. The Chief Executive explained that the model had been developed over a number of years and he was content with the analysis.

The Board also noted the success of membership to date and the assumptions for next year. The scheme was great value and signing up members to direct debit had been a notable success this year. The Chairman observed that the achievements in the pledges to the Campaign were higher than recorded in the paper, as the figures shown reflected accounting conventions. Bruce Carnegie-Brown observed that whilst donations remain significant, a number of donors now pay these over a long period, making repeat requests more challenging. An update on development was planned for the March Trustees' meeting.

The Chairman asked about plans to mark 4 years of WWI and the Poppies legacy

The Board agreed the financial assumptions which would now inform the development of the Strategic Plan to be approved at the March meeting.



5. Projects and Expenditure

5.1 *Enlightened Princesses: Caroline, Augusta, Charlotte and the shaping of the Modern World* Historic Royal Palaces and the Yale Center for British Art collaborative project 2013-2017

5.1.1 The Board noted the contents of the update. John Barnes outlined the benefits of the collaboration. He explained that the cost of the exhibition at Kensington Palace was consistent with our normal spend on an object-led exhibition. The exhibition at New Haven, USA would be financed by the Yale Center. Although the two exhibitions would have the same content, each would be different reflecting the nature of each organisation and the audience each exhibition intended to reach. The exhibition at Kensington will be designed to target our traditional Kensington Palace audience. Bruce Carnegie-Brown asked whether there might also be development opportunities around the US exhibition. Trevor McDonald agreed there would be potential in this and welcomed the collaboration.

The Chairman also endorsed the collaboration but noted that there would be greater visitors to the exhibition at Kensington because there is an inherent Kensington audience. John Barnes reminded Trustees that the resulting exhibition would form the centrepiece of our “Soft Power” theme which will reach across three palaces.

Malcolm Reading agreed that there was potential to reach broader audiences with this theme. He also noted that public relations, licensing and copyright is very different in the US and felt if we were to get the full benefit, it was important to agree an early protocol in terms of brand and identity. John Barnes advised that this was already in progress.

6. Monitoring Performance

6.1 Chief Executive's Reports for December and January

6.1.1 The Board noted the contents of the reports.

The Chief Executive, Michael Day, had produced a record on the pay settlement history in response to a question raised at the last meeting. Val Gooding asked whether progression awards had been included in both our own record and the external benchmark. The Chairman asked the Chief Executive to make sure that the record was consistent. Bruce Carnegie-Brown was reassured by the report since a significant number of individuals worked beyond their contractual duties and it would have been disappointing to be celebrating our success as an organisation without people feeling that they were rewarded. Trustees were also reminded that there was also a 2% bonus scheme for all staff.

The Board noted the detailed response to questions at the last meeting, on the Royal Tennis Court project.

The Board was also pleased to have the update on the impact of volunteering at Historic Royal Palaces.

Michael Day gave a verbal update on the progress of distributing the poppies and the project generally, and also on the court case relating to Praxis at Hillsborough Castle.

He noted recent press coverage of the funding position of the Royal Botanic Gardens at Kew and reassured Trustees that this would not impact on our presence at Kew or our long-term plans there.



6.2 Financial Performance to the end of December

- 6.2.1 The Board noted the financial performance to the end of December. Tania Fitzgerald noted that the January ticket offer at HCP and KP was doing well.

7. Organisation and Governance

7.1 Revised approval limits on matters reserved for the board.

- 7.1.2 The Board noted the contents of the report and agreed to raise the limit on projects and contracts reserved for approval by the Board of Trustees to £750,000, with any projects or contracts costing between £300,000 and £750,000 reported to Trustees in the Chief Executive's monthly report.

7.2 Audit & Risk Committee

- 7.2.1 The Board received the minutes of the Audit & Risk Committee held on 10th December 2014. The Committee had discussed conclusions from the Magic Garden Project Audit and the learning from it. They recognised the team had responded quickly to the situation. The Chief Executive felt this had been a useful process: two main lessons had been learned; the project management methodology should be applied more rigorously and we should consider how we bring in a level of peer review on project budgets.

Dawn Austwick, Chair of the Committee, was pleased to report that the new Head of Audit & Risk has now been appointed.

7.3 Investment Committee

- 7.3.1 The Board received the minutes of the Investment Committee held on 24th November 2014. Bruce Carnegie Brown, in the absence of the Chair of this Committee, Sir Alan Reid, explained that diversification on deposit placements and their maturity profile had been the main focus. He was pleased to report that William Fall had agreed to become a co-opted member of this Committee.

7.4 Register of Interests

- 7.4.1 The Board noted the changes to the register of interests.

8. Any Other Business

- 8.1 The Chairman gave a verbal report on the appointment process for two new Trustees. The application date had closed. A meeting would be arranged shortly for the Nominations Committee to give their views on the candidates.
- 8.2 The Trust & Company Secretary confirmed all Board meeting dates for 2015 with the exception of November and May. She would look for alternative dates and also liaise with Trustees to find suitable dates for 2016.
- 8.3 The Constable's Reception will take place on 8th July.

9. Executive Board succession planning

- 9.1 The Board noted the contents of the report, gave their feedback, and were reassured by the development of the planning and the conscious decision to invest in growing our own team.

10. Next meeting: The Tower of London, Wednesday 18th March 2015

