

MEETING OF THE BOARD OF TRUSTEES

Kensington Palace, Wednesday 24th July 2013

Minutes

Present: Charles Mackay (Chairman)
Sir Alan Reid (Deputy Chairman)
Sophie Andreae
Ian Barlow
Liz Cleaver
Lord Dannatt
Malcolm Reading
Sir Trevor McDonald (until item 4.3)
Jonathan Marsden (until item 4.2)
Louise Wilson

Apologies Dawn Austwick

In Attendance: Michael Day - Chief Executive
John Barnes - Conservation and Learning Director
Tania Fitzgerald - Finance Director (until item 4.2)
Richard Harrold - Tower Group Director (until item 4.2)
Danny Homan - Communications and Development Director
Alyson Lawton - Trust and Company Secretary

For item 4.2
Kate Frame - Head of Conservation and Collections Care
Terry Gough - Head of Estates and Gardens
Lucy Worsley - Chief Curator

For item 4.2 to 5.3
Adrian Phillips - Surveyor of the Fabric

From item 4.3
Caroline Rand - Head of Financial Planning and Analysis

1. Chairman's comments

- 1.1 The Chairman welcomed Louise Wilson to her first meeting as Trustee. He was also pleased to announce that HM The Queen had appointed Val Gooding as a Trustee with effect from the 1st August. However due to existing diary commitments, her first attendance at a Board meeting would not be until November. He noted that apologies for this meeting had been received from Dawn Austwick, who was on sabbatical until September.

2. Minutes from previous meetings

- 2.1 The minutes of the meeting held on Wednesday 22nd May 2013 and Monday 17th June 2013 were approved.

3. Matters arising from previous meetings

- 3.1 Trustees noted that the Digital Strategy would now be presented for approval at their November Meeting. As the work has developed, the possibilities have become even greater and would benefit from a little extra time to reach conclusions.



Historic Royal Palaces is the independent charity that looks after the Tower of London, Hampton Court Palace, the Banqueting House, Kensington Palace and Kew Palace. We help everyone explore the story of how monarchs and people have shaped society, in some of the greatest palaces ever built.

We receive no funding from the Government or the Crown, so we depend on the support of our visitors, members, donors, volunteers and sponsors.

4. Strategic Development

4.1 New Opportunities

4.1.1 The Board noted and discussed the contents of the report, and identified areas requiring further work, clarification and research. The Board thanked Richard Harrold and his project team for the quality of the report and agreed to the recommendation in the report.

4.2 *Strategic aim ; Give the Palaces the care they deserve*

4.2.1 General Annual Update

4.2.1.1 The Board noted the report from the Conservation and Learning Director. Conservation is one of the key charitable objectives. The purpose of the report and discussion was to consider the progress of our work in buildings conservation, collections care and gardens. John Barnes asked the three senior managers to talk about the highlights from their areas.

Buildings Conservation

Adrian Phillips, The Surveyor of the Fabric felt that these were

- the enormous range of projects achieved during the Olympic year, when the presentation of the palaces needed to be at their best.
- the re-survey of the whole of the estate, to be discussed later in this meeting.
- New programme sponsors were now in post to strengthen project governance.

Collections

Kate Frame, Head of Conservation and Collections Care, observed that

- a series of significant conservation projects running for a number of years had completed this year.
- there was also new focus on storage of the collections.
- the profile of our conservation science had been raised and we had increased our capacity of scientific research.

Gardens

Terry Gough, Head of Gardens and Estates noted

- progress with the conservation management plan at the Tower now in place.
- plans for the Orangery Garden at Kensington Palace.
- at Hampton Court, work would soon commence on restoring one part of the Kitchen Garden and developing in detail the plans for the Magic Garden.
- less well known, the team was doing a lot of work in the natural landscape in Home Park restoring the old water meadows and improving our streams.

The report also reported good progress on the top ten conservation projects for buildings, collections and gardens. Sophie Andrae asked about the projects for the Chapel of St John and St Peter Ad Vincula at the Tower of London. These were both funded and in the major projects plan.

Ian Barlow felt that individual reports were excellent but he felt that a top level re-presentation of progress compared with the plan (for all three areas) would aid understanding and performance monitoring. John Barnes explained that this was easier to do for the top ten projects rather than the programmes. However, he would provide this for the next Chief Executive's report in August.

The Chairman on behalf of the Trustees thanked the conservation teams for their work.

4.2.2 State of the Estate Survey

- 4.2.2.1 The Board noted the contents of the Surveyor of the Fabric’s report. The purpose of the report was to provide an update on the survey. Adrian Phillips explained that we can now report to Trustees on the state of the estate and surveyors now have an appropriate depth of detail about all elements of the buildings estate. The result of the survey indicates that 96% of the estate is in fair or good condition. There were also no big surprises in the detail. Adrian Phillips reported that there had been delays in pricing the recommendations, as our two Quantity Surveyors had both left (now replaced) but he expected to have costs by the end of the summer which will enable a costed planned maintenance programme to be prepared.

Malcolm Reading praised the work. He was confident that although produced internally, it had been done objectively, with a lot of work having gone into setting standards as the outset. It gave Trustees confidence that we were achieving our charitable objective in conservation and that the condition of the estate was understood in detail. He congratulated Adrian Phillips and his team on a thorough piece of work delivered on time.

Seeking to get a sense of how much money was needed, Trustees asked for an indicative cost of works to get the estate up to standard and then the costs of maintaining the standard. John Barnes explained that as the palaces would always require continuous maintenance, this element would need to be a projection. Once the size of the works required was quantified. Trustees suggested that this might be considered as a further area for future designations.

The work was leading edge for the sector, Trustees suggested that we should find a way for Government to know about the work and recognise this achievement.

Ian Barlow asked whether this system could be adapted for evaluating the condition of both the contents and the gardens. Kate Frame explained that they used a simpler system for contents. Risk ranking the collections and using cyclical surveys to update the rankings. Trustees asked for further information on this system to be included in next year’s annual update and suggested that a system for evaluating the condition of the gardens might merit further consideration.

4.2.3 Curators’ Team Annual Review

- 4.2.3.1 The Board noted the contents of the Chief Curator’s Annual Review. Lucy Worsley, the Chief Curator identified the key messages from the report.

- The Exhibition programme this year has ranged from *Fashion Rules*, aimed at our more traditional Kensington Palace audience, through to *Secrets of the Royal Bedchamber* representing the culmination of years of conservation work on the State Beds. The exhibition *Coins and Kings* in partnership with the Royal Mint had benefitted from having a dedicated curator.
- Over the last year, the emphasis of work had also changed with collections management now being looked after by a separate fully resourced team.
- Work in raising public understanding of Historic Royal Palaces through press interviews and television programmes has continued apace.
- Work towards achieving independent research organisation status and building a research culture has not moved forward as much as we had hoped due to project pressure. However papers from two earlier conferences including 2009 Henry VIII Conference have now been published.

John Barnes noted the wide range of work of the curators. He noted that Lucy herself works to raise public awareness through television programmes and lectures, and to accommodate this, Tracey Borman had been working alongside her, sharing the role of Chief Curator on an interim basis.

The Chairman on behalf of the Trustees, thanked Lucy and her team for their work.

4.2.4 Collections Management Audit and Actions

4.2.4.1 The Board noted the overview of collections management and the report on progress in dealing with the priorities for action identified in the recent Internal Audit Report.

4.3 Pricing 2014/15

4.3.1 The Board noted the contents of the report and the prices agreed by the Executive Board for 2014/15. Education pricing would be reviewed in the autumn. Caroline Rand, Head of Financial Planning and Analysis outlined the factors considered when reviewing the headline gate admission prices and membership price. The Board noted the strong overall value for money scores. Louise Wilson asked about the elasticity of pricing. Michael Day explained that increases above inflation would usually result in some fall in visitors. Danny Homan noted also the value of customer segmentation in understanding what our different audiences consider fair pricing. The Chairman thanked Caroline for the interesting report.

5. Projects and Expenditure

5.1 The Kitchen Garden, Hampton Court Palace

5.1.1 The Board noted the contents of the report to create Kitchen Gardens at Hampton Court, a key part of the conservation management plan for the gardens and part of our ambition to make more of the gardens. Asked about additional staff costs, Michael Day, Chief Executive, explained that there would be one additional gardener (within the approved Annual Operating Plan). Other than this, the Head of Gardens and Estate had assured him that he could manage with this headcount. The Board approved the Investment decision for the re-presentation of the Tiltyard Garden as an 18th century kitchen garden at the cost set out in the report.

5.2 The Middle Drawbridge , The Tower of London

5.2.1 The Board noted the contents of the report. This project was to conserve and re-present the drawbridge in working order. A separate cabling project has been approved and will complete before this work is undertaken. The Board approved the investment decision for the project within the budget set out in the report.

5.3 The King's Apartments, Kensington Palace

5.3.1 The Board noted the contents of the report. This was the first phase, comprising infrastructure work, of a three phase project over two years to re-present the apartments as beautiful rooms whilst future proofing them by installing wifi and other services. Malcolm Reading asked whether the timing was right, given that it would be noisy work for both visitors and Kensington Residents. It was agreed that the activities and programme would be reviewed to identify and mitigate the timing of potentially noisy activities and a meeting arranged to brief the Royal Household. The Chairman noted that as we seek external funding for such work, the development team needed to have reasonably accurate indicative costs to make approaches, otherwise fundraising would fall short of the requirement and asked Adrian Phillips to ensure that they were kept fully informed at an early stage of such projects.

The Board authorised the investment decision for the procurement of individual works packages to deliver the first phase of the re-presentation of the King's State Apartments under a construction management approach with the budget set out in the report.

6. Monitoring Performance

6.1 Chief Executive's Reports for June and July

6.1.1 The Board noted the contents of the Chief Executive's Reports. The following matters were discussed

- The Security review relating to the Tower of London. All actions were being carried out, with the more general aspects which had applicability across palaces, being considered organisation-wide.
- The Open Air Cinema at Kensington Palace.
- The summer installation Performing for the King at the Banqueting House, Whitehall and the special performance taking place on 27th July.
- Progress on the acquisition of a new collections store

The Chief Executive reported some repairable damage following the failure of a picture fastening at Hampton Court and that an audit of how all pictures are hung is being considered.

6.2 Financial Performance to the end of June 2013

6.2.1 The Board noted the contents of the report. Caroline Rand summarised the key points. The organisation had outperformed both income and net surplus budget for the first quarter of the year.

7. Organisation and Governance

7.1 Ethical Fundraising Policy

7.1.1 The Board noted the contents of the report. The Communications and Development Director explained that the Campaign Board had also seen the policy and were content. After discussion, the Board endorsed the Ethical Fundraising Policy.

7.2 Audit Committee 12th June 2013

7.2.1 The Board received the minutes of this meeting. A verbal report had been given at the June Board meeting.

7.3 Investment Committee 4th July 2013

7.3.1 The Board received the minutes from this meeting. The Chairman of the Investment Committee, Sir Alan Reid explained that the Committee had considered how to achieve better investment returns. They had received two presentations from investment advisers and were considering the potential of taking a longer time spread on our investments, subject to further work on the level of funds that would be available to commit. The Finance team had explored early payment discounts and concluded that given the large number of small suppliers and that we already apply a prompt payment policy, on balance this derive no added value. The Committee was also considering whether to co-opt an investment specialist. Sir Alan invited Trustees to propose any potential candidates.

7.4 Register of Interests

7.4.1 The Board noted the changes to the register of interests

7.5 Trustees' Strategic Planning Meeting 2nd October 2013

7.5.1 The Board noted and agreed the outline for the planning meeting. Liz Cleaver suggested that he board should have a presentation to understand the impact of becoming a customer focused organisation. The Chairman suggested that this

might be part of the discussions on the Digital Strategy in November if time allows. He also asked that if Trustees had issues they would like to address at this meeting, to make effective use of time, they should let him know in advance

7.6 Remuneration Committee 24th July 2013

7.6.1 Lord Dannatt gave a verbal report on the Committee meeting, which had taken place immediately prior to the Board meeting. The Committee had agreed Directors' bonus targets for 2013/14, and that their annual pay uplift would be settled at the same level as for staff. Progress against the targets would be reviewed mid-year in November.

7.7 The Board Effectiveness Review

7.7.1 The Board noted the Chairman's report and agreed given the absence of three Trustees to defer further discussion to their October meeting.

8. Any Other Business

8.2 There was no other business.

9. Next Trustees meeting:

- Wednesday Oct 2nd Trustees Strategic Planning Meeting.
- Thursday 3rd October; Trustees Board Meeting.