

MEETING OF THE BOARD OF TRUSTEES

Kew, Monday 17th June 2013

Minutes

Present: Charles Mackay (Chairman)
Sir Alan Reid (Deputy Chairman)
Sophie Andreae
Dawn Austwick
Ian Barlow
Liz Cleaver
Lord Dannatt
Jonathan Marsden
Malcolm Reading

Apologies: Sir Adrian Montague
Sir Trevor McDonald
Louise Wilson

In Attendance: Michael Day - Chief Executive
John Barnes - Conservation and Learning Director
Tania Fitzgerald - Finance Director
Alyson Lawton - Trust and Company Secretary
Jane McKeown - Head of Financial Accounting
Julian Whitehead - Security Advisor (for item 1)
Mark Beaumont - Fire, Health and Safety Advisor (item 1 & 2)



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.

1. Chairman's comments

- 1.1 The Chairman noted the apologies received. He was also pleased to report that the Secretary of State at the Department for Culture, Media and Sport had appointed Louise Wilson as Trustee with effect from 12th June 2013. She was unable to attend this meeting because of a prior commitment.

2. Annual Security Report 2012/13

- 2.1 The Board noted the contents of the Annual Security Report. Michael Day, Chief Executive briefed the Board on matters arising since the report had been written. The Board gave their comments and suggested some further analysis in the forthcoming year. The Board discussed the process by which the Security Advisor gains assurance on security matters. Ian Barlow suggested that this might be strengthened by including a statement on security in the departmental letters of representation signed off as part of the year-end process. Michael Day agreed to look at this.

The Board thanked the Security Advisor and approved the report. It will now be forwarded to the Department for Culture, Media and Sport in accordance with our contract.

3. Annual Health, Safety and Environment Report 2012/13

- 3.1 The Board noted the contents of the Annual Health, Safety and Environmental report. Sir Alan Reid asked about the day to day management of hazardous substances. The Fire Health and Safety Advisor explained that we handle very few hazardous substances. However, conservators and surveyors use other chemicals in their work and explained the process of assessments, training and record keeping. He also asked how we assess contractors' health and safety. The Advisor explained his vetting and auditing processes. With the large number of contractors working on the Kensington Palace project last year this was a

significant task, which had an impact on the rest of the Advisor's work programme. However he was pleased to report that the numbers of accidents involving contractors had remained within historic levels.

The Board thanked the Fire, Health and Safety Advisor and approved the report. It will now be forwarded to the Department for Culture, Media and Sport in accordance with our contract with them to manage the palaces.

4. Audit Committee 12th June 2013

- 4.1 As she would not be at the July Board meeting, the Chairman of the Audit Committee, Dawn Austwick gave a detailed verbal report of the meeting.

The Committee had considered their role and agreed firstly that it was not a Finance Committee as it looked at process not performance. However, the Committee felt that although it was not a risk committee at present, it did actually look at a number of aspects of risk. Given new guidance from Treasury and subject to further discussion with the Chairman, adding this function formally might merit further consideration. A proposal would come back to the Board.

The Committee had also:

- Received an update on collections management. Although there were no suggestions that we needed to change our focus, the Committee had questioned whether as a project-focussed organisation, we were paying enough attention to thinking strategically about our infrastructure.
- Asked management to look at Internal Audit's capacity to deliver its programme.
- Considered the National Audit Office's comments on self-authorisation of journals (see below).
- Agreed from next year to produce an annual formal report from the Audit Committee for consideration at this Board meeting.

5. Report from the National Audit Office

- 5.1 The Board noted the contents of the report. As the National Audit Office had chosen not to attend this meeting, the Finance Director identified the key points from their report. The audit had gone well and all the outstanding points had been completed.

The Board discussed authorisation of journal entries. The Finance Director explained that there were internal controls on all transaction-based journals and it was the financial management team of four accountants that could self-authorise journals, which were mostly monthly reversing accruals. The Board suggested that at year-end, there should be a comprehensive review of all journals above a certain limit and spot checks on others.

Jane Mckeown, Head of Financial Accounting, confirmed that there were no outstanding issues. The Board thanked her and the finance team for their work.

6. Trustees' and Directors' Register of Interests

- 6.1 The Board noted the contents of the report and agreed to update the Trust and Company Secretary with any further changes.

7. Risk Register

- 7.1 The Board noted the contents of the report and the risks in the register. The risk status was signalled by traffic light colours. Ian Barlow asked about our risk appetite. Michael Day explained that "green" was the preferred natural state of a

risk and that when at “amber” it indicated that we needed to do work to mitigate the risk. The one exception was the one “red” risk; *major unpredictable event that shifts visitor/trading activity significantly or has significant cost implications.*” By its nature, it was likely to remain “red”.

8. Financial Statements for the year ended 31st March 2013

- 8.1 The Board noted the contents of the report. For the first time, the Trustees’ report included information on environmental sustainability. This was a summary of a much larger document. The National Audit Office had supported this approach and suggested further information could be put on our website. The Board discussed and then approved the Financial Statements and thanked Tania Fitzgerald and the rest of the Finance team for their work in preparing them.

9. Annual Review 2012/13

- 9.1 The Board noted the contents of the Review and agreed that it represented a successful year of activity across all areas and highlighted how Historic Royal Palaces had contributed to both the nation’s celebration of The Queen’s Diamond Jubilee and to the staging of the Olympics and Paralympics. The Board approved the Review with thanks to those involved.

10. Any Other Business

- 10.1 The Board were delighted to congratulate Charles Mackay on his award of a CBE for services to heritage and conservation in The Queen’s Birthday Honours list, announced on Saturday: this was great formal recognition for his significant work as the Chairman of Historic Royal Palaces over the last seven years.

In addition Michael Day also noted that YW Idwal Bellis had received the Royal Victorian Medal in recognition of his long and distinguished service at the Tower in the Yeoman Body, and that Lady Dannatt (the Constable’s wife) had been awarded an MBE for her voluntary service to Forces’ charities.

Next meeting: Kensington Palace: 24th July 2013