



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: **Wednesday 9 March 2016**

Location: **The Tower of London**

Attendees: Rupert Gavin (Chairman)  
Dawn Austwick from item 5 onwards  
Sir David Cannadine  
Bruce Carnegie-Brown  
Liz Cleaver  
Lord Dannatt  
Val Gooding  
Jane Kennedy  
Jonathan Marsden  
Sir Trevor McDonald  
Mike Stevens  
Louise Wilson

In attendance: Michael Day - Chief Executive  
John Barnes - Conservation and Learning Director  
Gina George - Retail and Catering Director  
Paul Gray - Palaces Group Director  
Richard Harrold - Tower Group Director  
Graham Josephs - Human Resources Director  
Jane McKeown - Acting Finance Director  
Alyson Lawton - Trust and Company Secretary  
Dan Wolfe - Communications and Development Director  
Simon Daniels - Head of Development

### 1. **Chairman's comments**

1.1 The Chairman was pleased to report that there were no apologies for this meeting. The primary topic was review and approval of the Strategic Plan/Annual Operating Plan following agreement in January of the underpinning financial assumptions. As part of the cyclical process of strategic discussions, there was also a Development update.

There were no conflicts of interests declared.

### 2. **Minutes of the last meeting**

2.1 The minutes for the meeting held on Wednesday 20<sup>th</sup> January were approved.

### 3. **Matters Arising**

3.1 All actions from previous meetings had been completed.

### 4. **Monitoring Performance**

#### 4.1 **Chief Executive's written review covering both February and March**

4.1.1 The Board noted the contents of the report. Michael Day was pleased to record formal



thanks to House of Fraser for their commitment to fund, through sponsorship, £1 million towards the restoration of the Great Pagoda at Kew and to William Fall, a member of our Campaign Board for facilitating this partnership.

He was also pleased to note the Heritage Lottery Fund (HLF) approval of a Round One pass for £4.95 million towards the Hillsborough Castle project. The Board discussed the formal condition attached to the funding and the HLF requirement on timetable for the Round Two application. Jane Kennedy asked about HLF's further requirement relating to community engagement. John Barnes explained that HLF is keen to be assured about our broad community consultation process.

The Board noted the revised percentage target for consultants' fees on building projects. Jane Kennedy observed that there was always a balance between getting the right deal and squeezing the consultant's fees so closely that the project does not get the right level of attention from them.

Jane Kennedy asked about progress on the plans for the Orangery building at Kensington Palace. There had been further work to evaluate the anticipated cost savings from reducing the scale of the basement areas against the benefits for future-proofing that the greater area provided. The savings had not been as great as anticipated. Mike Stevens asked when Trustees would see a business case. He wanted to understand whether there were any opportunities to reduce expenditure and to move staff to another location. John Barnes advised that some functions had already been accommodated at other palaces. He would send a draft report to the Trustees' Sub-Committee shortly and arrange a meeting for further discussion.

The Board were pleased to note the arrival of the Lavery painting for retention and display at Hillsborough Castle. This had been accepted by Her Majesty's Revenue and Customs in March 2015 in lieu of death duties.

## **4.2 Key events for Trustees' diaries**

**4.2.1** The Board noted the dates of key events and undertook to attend if they were able.

## **4.3 Financial Performance to the end of January**

**4.3.1** The Board noted the Acting Finance Director's report on performance. She gave a verbal update on performance to the end of February: two areas of project expenditure were running significantly behind forecast. These were interpretation and IS and Digital spend. In both cases, although there had been some underspend, there would be significant amounts deferred and spent in 2016/17. Jane McKeown gave an example of the Digital Audio Guide. Mike Stevens asked about the impact of such deferrals on visitor experience and on assessing what teams can deliver in 2016/17.

John Barnes explained that the challenge for phasing the interpretation budgets had been the move towards programming rather than static exhibition costs. He was confident about getting this closer next year and would be conducting a review after year end on lessons learnt for setting future Creative Programming & Interpretation budgets.

The Chairman asked Jane for her view of the likely year end out-turn. She explained that the forecast was much tighter than in previous years but felt that the improvement could be around £2 million.

## **5. Strategic Plan 2016-19**

### **5.1 Strategic Plan 2016-19 including the Annual Operating Plan 2016/17**

**5.1.1** The Board noted the contents of the Plan.



*Introductory pages*

The Chairman noted a good summary of the Digital Strategy and wondered whether learning & engagement should be included on this page. Bruce Carnegie-Brown asked about measures for return on digital investment. Graham Joseph proposed to include information on these at the May Trustees meeting.

*Give the Palaces the care they deserve*

Bruce Carnegie-Brown was pleased to see the higher profile for garden projects especially noting work at Hillsborough. These bring in new audiences and provide alternative fundraising opportunities. David Cannadine was encouraged by the attention planned on records and archives. After a discussion on sustainability, Trustees asked for further information on our current philosophy and approach at a future Trustees' meeting.

*Transform the way that visitors explore their story*

Bruce Carnegie-Brown stressed the importance of customer care and service. Directors agreed. The plans for service improvements were not just about ongoing customer service programmes but also included a variety of capital expenditure projects, public events, uniform changes and an ambition for significant improvements in catering.

*Have wider impact in the world*

Lord Dannatt asked whether the membership target for 2016/17 was ambitious enough. Dan Wolfe felt the plan target was actually a considerable step up. Next year's plans also included putting in the building blocks to deliver and support greater numbers in the future. Bruce Carnegie-Brown reminded the Board that there would be a presentation on the Domestic Market Strategy at the May Trustees' meeting. This will include an update on membership.

Liz Cleaver asked whether there was a common understanding about the meaning of "new and broader audiences" (used in plan and in the Statement of Intent) in the various different areas of our work.

Jane Kennedy noted the audience aims for the next three years in learning and engagement including establishing a reputation among London and on-line audiences for innovative programming. She asked about plans in Northern Ireland. Michael Day explained that the approach would be different and more targeted on the local circumstances.

The Board discussed the proposed increase in headcount for 16/17. There was a presumption against any further new posts in future years except where the Strategy absolutely required it. The Chairman asked for the numbers assumed in 2017/18 and 2018/19 to be referenced to the chart indicating growth in payroll expenditure.

The Board debated whether the digital programme would eventually reduce staff elsewhere. The current intensive period of digital work is to bring the organisation into the digital world and deliver significantly greater capability and efficiency. However, except in one or two areas, it would not necessarily reduce staff. The main challenge was getting value from the investment.

*Generate the Money to make it all happen*

Jane McKeown explained the income and expenditure over the period. Years 2 and 3 were estimated positions and not yet balanced but options were indicated in the report. The Chairman noted that some of the expenditure in the three-year period will deliver income only in the years beyond the end of this plan. Lord Dannatt also noted that further development successes would also be budget relieving.

Mike Stevens observed that the degree of flexibility in projects was limited because of our commitment to deliver key projects such as Hillsborough, the Great Pagoda at Kew and the Orangery at Kensington Palace. He asked about our ability to reduce the



budgets and the likely impact on the business. Jane McKeown explained that there are other opportunities in year for reduction in the Annual Operating Plan and assured Trustees there was no complacency. The management team would conduct a further review in June.

The Board endorsed the overall direction and aims of the plan, approved the 2016/17 Annual Operating Plan, subject to the usual subsequent individual authorisation of project and contract amounts and noted the indicative financial projections for 17/18 and 18/19.

Jonathan Marsden asked about monitoring performance against the plan and suggested that the Directors' organizational bonus targets might be one method. The Board discussed the whole range of assurances over the year to ensure that all elements of the plan are on track including the role of the Audit & Risk Committee and the cycle of topics set for Trustees' meetings. The Chairman concluded that the Key Performance Indicators for Directors should be circulated to Trustees to raise awareness of them but that overall monitoring was through the cycle of discussions at Board meetings.

The Chairman on behalf of the Board thanked the team for their work in developing the plan. The Board endorsed the overall direction and aims of the Plan, approved the 2016/17 AOP (subject to the usual subsequent individual project authorisation) and noted the indicative financial projections for 17/18 and 18/19.

## **5.2 Statement of Intent to 2025; Goals and Supporting Activities**

- 5.2.1** The Board noted the contents of John Barnes' report. Key to achieving the goals was the delivery of the supporting activities. After debate, the Board endorsed the Statement of Intent with no further change, noting that it was a good piece of work.

John Barnes observed that the supporting activities towards the 2025 goals would be continually under review. Michael Day would report back through the Chief Executive's report on the final statement of intent, once all the statistics in the supporting activities were fully defined, and would also advise on how we would be communicating the Statement both internally and to stakeholders. Trustees would also review progress as part of their input into the annual strategic planning process in the autumn.

## **5.3 Designation of Reserves for the year end 2015/16**

- 5.3.1** The Board noted the contents of the report and agreed the designations for the year end 2015/16.

## **6. Development Update**

- 6.1** The Board noted the contents of the report. Dan Wolfe outlined the key priorities; support for the major capital projects; corporate partnerships; membership and expanding our footprint in the US by making the most of our partnership with Yale. The team would also be taking a fresh look at the Campaign offer for Learning & Engagement. He also reflected on the role of certain Trustees and Campaign Board members, none of this success would have been possible without them.

Bruce Carnegie-Brown as Chairman of the Campaign Board was pleased to report that performance was on track and agreed that there was work to be done to get the Learning & Engagement appeal right.

The Board reviewed the benchmarking information on peer organisations. Dan Wolfe explained the principal drivers for fundraising and concluded from the benchmarking that HRP was in a good place.

The Chairman stressed the increasing demand to service individuals not only through an initial cultivation process but also once on board as donors.



David Cannadine considered that there should be further opportunities for funding Hillsborough through other trusts and foundations who are particularly interested in working in Northern Ireland.

The Chairman thanked Dan Wolfe and Simon Daniels for their update.

**7. Sub Committees**

**7.1 Investment Committee**

7.1.1 The Chairman gave a verbal update on the Investment Committee held on 23 February 2016.

**8. Update on Trustee Appointments**

8.1 The Chairman gave a verbal update on the current appointments process for the appointment of both a Trustee by Her Majesty The Queen and a Trustee by the Department for Culture, Media & Sport. He expected these to be concluded shortly.

Another recruitment process was about to commence for a second Queen's appointment from the beginning of August.

The Chairman also noted the recent announcement of the appointment of the Chief of the Defence Staff, General Sir Nicholas Houghton, as the 160th Constable of the Tower of London, from summer 2016, succeeding Lord Dannatt.

**9. Procedural Matters**

**9.1 Audit and Risk Committee**

The Board agreed to appointment Mike Stevens as Chair of the Audit and Risk Committee to succeed Dawn Austwick, who steps down as a Trustee in March.

**9.2 Lease on the sub-basement of the Vaults on Tower Hill**

The Board noted the contents of the report and agreed to grant the lease of the sub-basement of the Vaults on Tower Hill on the terms in the report. The Chief Executive will report back whether the lease is finalized.

**9.3 Resolution delegating authority relating to Barclays Electronic Banking**

The Board noted the contents of the paper and agreed the resolution.

**9.4 Register of Interests**

The Board noted the changes to the register of interests.

**9.5 Revised dates for Trustees meetings for 2017 and 2018**

The Board confirmed that these dates were in their diaries.

**10. Any Other Business**

10.1 This was Dawn Austwick and Sir Trevor McDonald's last meeting as Trustees, both having served nine years on the Board. The Chairman thanked them warmly for their immense contributions. Both have been involved with Historic Royal Palaces in different ways but have been equally dedicated and supportive Trustees and were held in high regard, not only by the Trustees who have served with them on the Board, but also by the management team who have worked with them.

**11. Next meeting: Wednesday 18 May 2016**

