

MEETING OF THE BOARD OF TRUSTEES

Hampton Court Palace, Wednesday 22nd May 2013

Minutes

Present: Charles Mackay (Chairman)
Sir Alan Reid (Deputy Chairman)
Dawn Austwick
Ian Barlow
Liz Cleaver
Lord Dannatt
Sue Farr
Malcolm Reading
Sir Trevor McDonald
Jonathan Marsden
Sir Adrian Montague

Apologies Sophie Andreae

In Attendance: Except for item 7.6
Michael Day - Chief Executive
John Barnes - Conservation and Learning Director
Tania Fitzgerald - Finance Director
Alyson Lawton - Trust and Company Secretary

For item 1 to 5.1
Elizabeth McKay - Chief Learning and Engagement Officer

For item 4.2.2
Nigel Randall - Head of Information Services
Johan Hogsander & Richard Gold - Transform

For item 5.1
Robert Myers - Robert Myers Associates

1. **Chairman's comments**
- 1.1 The Chairman noted that apologies for this meeting had been received from Sophie Andreae.
2. **Minutes from previous meetings**
- 2.1 The minutes of the meeting held on Wednesday 20th March 2013 were approved.
3. **Matters arising from previous meetings**
- 3.1 The Chairman reported that, following satisfactory responses on the matters raised at the last meeting, approval had been given to move ahead with the collections store. He noted that the Board had also approved the appointment of the new Chairman of the Campaign Board from 1st January 2014 with a formal announcement being made in the autumn.
4. **Strategic Development**
- 4.1 **Strategic Aim: *Transform the way visitors explore their story***
- 4.1.1 **General Update on Progress**
- 4.1.1.1 The Board discussed and noted the contents of the Chief Executive's update. Lord Dannatt asked why the customer service programmes were known by



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.

different names at the Tower and Palaces Groups and not merged under one name. The Chief Executive explained that it was because the programmes had been developed and owned by the separate operational groups but at the core of both was the same organisation-wide performance framework.

Jonathan Marsden felt that at the heart of any “transformation” was the curatorial research which made people look at things differently. John Barnes agreed that this was the bedrock of everything we do, and observed that there were plans for more research in 2014 for future projects, that would build on the Georgian Court research already collated.

4.2 **Strategic Aim:** *Have wider impact in the world*

4.2.1 **Learning and Engagement Strategy**

4.2.1.1 The Board noted the contents of the Chief Learning and Engagement Officer, Elizabeth McKay’s report. The Chairman noted the buy-in to the proposed strategy not just from the Education and Learning Department but other teams involved within Historic Royal Palaces.

Trustees welcomed the strategic approach with an ambition for broader reach and asked about the new skills required to deliver it. Elizabeth McKay identified two broad areas; digital capability and delivery of large scale events. These would involve cross-departmental involvement as well as external specialist resource whilst being driven editorially by Historic Royal Palaces. Once the strategy is approved, the detail will be worked up into an implementation plan.

Lord Dannatt noted that as the long term plans involved delivery of events in a number of locations nationwide, engagement in local areas would require detailed preparation and significant resource to do well. It was intended to learn from a pilot event. The biggest gain from the initiative was making the nationwide connections and reach for our London based palaces.

Elizabeth McKay then explained the relationship between the learning journey and the events driven programme. Learning was core to the programme which would be designed to reach a broader initial audience and provide opportunities to engage in a deeper learning experience thereafter, for instance through digital based learning. Trustees were keen to understand more about how this would work in practice. The Chairman suggested that future annual updates should explore this in more detail.

The Board noted the early estimates of cost, income and potential for funding and that the Annual Operating Plan process was the method by which these would be refined in future years. Income from publications was assumed to be static in the estimates since the impact of the digital strategy on growth was yet to be evaluated.

The Chairman noted the high degree of buy-in and enthusiasm from the Board and thanked Elizabeth McKay for the clear paper and her and the team for their work in putting together the Strategy. The Board approved the Strategy as outlined in the paper and the next steps towards implementing it.

4.2.2 **Digital Strategy – Direction of Travel**

4.2.2.1 The Board noted the contents of the report on the Direction of Travel for the Strategy from the Finance Director, Tania Fitzgerald and the Head of Information Systems, Nigel Randall. Tania Fitzgerald introduced Johan Hogsander and Richard Gold from Transform, the digital consultancy and thanked Liz Cleaver for all her input to the thinking. Transform gave a short presentation on the key findings and recommendations. The Board welcomed the direction of travel with enthusiasm. Liz Cleaver particularly supported the resulting holistic approach. Sir Alan Reid observed that plans would need to be dynamic to adapt to this fast

changing area but there was a need to also be pragmatic and have some discipline to avoid over-specifying.

The Board discussed the opportunities for the brand. It would be important to carefully construct the right platform to take advantage of the opportunity, starting with getting the basics right, developing a base of content and leaving some flexibility every year for experimentation but as part of a managed process.

The Board asked about skills required to sustain the activities and the culture to constantly innovate. One of the five work streams is implementing a change management programme. When the developed Digital Strategy is presented for Trustees approval in October, it will explain how the strategy will affect the whole organisation not just in terms of capability but also in terms of culture as it will change the way we engage with our audiences.

The Strategy will also indicate priorities for the next three years. The challenge is finding an approach to experiencing the palaces when you cannot visit them. For Ian Barlow, it was about delivering the right depth of the experience. He gave as an example the special nature of a personal on site visit to the Crown Jewels delivered by the Keeper of the Jewel House. He hoped we could find a digital equivalent.

The Board also commented that there would be opportunities for raising the profile of Historic Royal Palaces' brand. They also looked forward to a first view of the business model.

Michael Day stressed the importance of the Audiences First programme as the overarching way in which the strategies for Learning, Digital and Domestic Market were being co-ordinated to maximise the impact of each on the whole of HRP.

The Board thanked the team for their work and endorsed the direction of travel for Historic Royal Palaces' Digital Strategy.

5. Projects and Expenditure

5.1 Magic Garden, Hampton Court Palace

5.1.1 The Board noted the contents of the Chief Executive's Report and received a presentation from the designer Robert Myers on the garden being designed for children's play and learning. Sir Alan Reid asked how safety aspects, especially the use of water, were being addressed. Michael Day explained that reconciling challenging play with safety was fundamental in the design of external play spaces and that a range of experts and protocols were being used to review the design. The Board also asked about the assumptions on supervision (once operational), visitor capacity limits for the garden, planning matters and the durability and quality of both the built structures and the planting. The Chairman noted that there was excitement for the broad concept and thanked Robert Myers for his presentation.

The Board then discussed the possible budget, which, due to the developing and exciting plans, was now greater than that set in the Annual Operating Plan. Trustees supported a cost approach in setting the final budget at the upper end of the range suggested, that would achieve the ambition in terms of sustainability, quality and specialness but that would also use the usual checks to ensure that all expenditure was absolutely necessary to deliver it.

5.2 Base Court. Phase V, Brickwork Project, Hampton Court Palace

5.2.1 The Board noted the contents of the report. Malcolm Reading observed that this was a complex piece of conservation work on one of the most important areas of the Palace but was the type of project that the team were used to managing. The

Board asked about hoardings. At low level these would be solid and contain information for visitors about the work being done, with clean sheeting at higher levels. The Board authorised the investment decision for conservation works for Base Court, Phase V in accordance with the report.

6. Monitoring Performance

6.1 Chief Executive's Reports for April and May

6.1.1 The Board noted the contents of the Chief Executive's reports. Michael Day drew attention to key matters. Our new exhibition at Kensington Palace, *Fashion Rules* would be sponsored by Estee Lauder Companies. He thanked Ian Barlow and Terry Mansfield from our Campaign Board for their help in securing this. A number of new senior appointments had now been made not only to fill gaps but expand our capacity to meet the challenges ahead. He also reported the progress made towards the acquisition of an off-site collection store.

The Board asked about:

- the transfer to new accommodation at Kensington Palace. The Chief Executive advised that this had been completed smoothly.
- the recent meeting with the Chairman of the Royal Armouries. The Constable briefed the Board on the key aspects and ambitions for a joint Trustee Board meeting to discuss some future principles.

6.2 Financial Performance

6.2.1 Management Accounts for the year ended 31st March 2013

6.2.1.1 The Board noted the contents of the reports. The Board appreciated the clarity of the summary schedules identifying the year's highlights graphically and expressed an interest to see such formats used more frequently. The Finance Director drew Trustees' attention to the top level analysis of the strong performance from the first year of the re-presented Kensington Palace.

Ian Barlow was concerned that the rate of expenditure on major projects continued to fall behind the forecast. The Conservation and Learning Director explained that, as part of the major projects review, there was a review of financial management practices which would include this aspect. He explained that this was due in part to the profiling of cash-flow happening at the start of a project and not being systematically revised as the project was developed. Some changes had already been implemented but other improvements needed to be made.

6.2.2 The Reserves Policy

6.2.2.1 The Board noted the contents of the report and approved the continuation of target free reserve levels of £5.0m for Historic Royal Palaces given the assessment of risks associated with key income and expenditure streams.

The Finance Directors explained the changes to reserve movements since the last forecast. There would be no audit adjustments. Ian Barlow asked for further information. Subject to Ian Barlow being satisfied with this information, the Board approved the final year-end designations of £16.3 million including carry forward of £4.1m.

Afternote: Ian Barlow confirmed he was content with the information provided.

6.2.3 Performance for the first weeks 2013/14

6.2.3.1 The Board noted the contents of the report which showed that the first weeks

had started well overall. The Board noted that Kensington Palace had a different profile of marketing this year with a new exhibition commencing at the beginning of July.

7. Organisation and Governance

7.1 Audit Committee 13th March 2013

7.1.1 The Board received the minutes of this meeting. The Chairman of the Audit committee, Dawn Austwick had given a verbal report of the discussions at the March Trustees Meeting. She reported that agreement had now been reached on a compromise with the National Audit Office on their fee proposal.

7.2 Investment Committee 20th March 2013

7.2.1 The Board received the minutes from this meeting. The Chairman of the Investment Committee, Sir Adrian Montague had given a verbal report of the discussions at the March Trustees meeting.

7.3 Board Committees

7.3.1 The Board noted the contents of the report and agreed that Sir Alan Reid would become Chairman of the Investment Committee, when Sir Adrian Montague steps down as a Trustee at the end of June and that Dawn Austwick would be reappointed for a further three years as Chairman of the Audit Committee.

7.4 Historic Royal Palaces Enterprises Limited (HRPE)

7.4.1 The Board noted the contents of the report and nominated Michael Day to represent Historic Royal Palaces' interests at the AGM of HRPE Ltd on 14th June 2013.

7.5 Register of Interests

7.5.1 There were no changes to the register of interests.

7.6 Remuneration Committee 22nd May 2013

7.6.1 The Chairman of the Remuneration Committee, Lord Dannatt, gave a verbal report.

8. Any Other Business

8.1 As he was unable to come to the June meeting, this meeting was Sir Adrian Montague's last main Board meeting as a Trustee. On behalf of the Board, the Chairman thanked Sir Adrian for all his work during the past six years. He was hugely appreciative of his contribution to the deliberations of the Board and the Board gave a round of applause.

8.2 There was no other business.

9. Next Trustees meeting: Monday 17th June at Kew Gardens, 2.30pm