



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 20th May 2015**

Location: **Kensington Palace**

Attendees: Rupert Gavin (Chairman)
Sir Alan Reid (Deputy Chairman)(from item 2)
Dawn Austwick
Bruce Carnegie-Brown (until item 9)
Lord Dannatt
Val Gooding (until item 9)
Jane Kennedy
Jonathan Marsden (until item 9)
Louise Wilson

Apologies: Sir David Cannadine, Liz Cleaver, Sir Trevor McDonald

In attendance: Michael Day - Chief Executive
John Barnes - Conservation and Learning Director (except item 8)
Graham Josephs - Human Resources Director (until item 8)
Jane McKeown - Acting Finance Director (except item 8)
Alyson Lawton - Trust and Company Secretary

Nikolai Segura - Head of Digital Transformation (item 4.1 to 4.1.2.1)
Johan Hogsander - Deputy Managing Director, Transform Digital Futures (item 4.1 to item 4.1.2.1)

1. Chairman's comments

1.1 Rupert Gavin introduced his first meeting as Chairman. He welcomed Jane Kennedy to her first meeting as a Trustee, noting that Sir David Cannadine had also joined the Board since the last meeting but had been unable to attend today. Apologies had also been received from Sir Trevor McDonald and Liz Cleaver.

The Chairman explained the revised format for the meeting, developed in response to feedback from Trustees. Similar views had been received from the management team. The agenda would concentrate on strategic matters. He expected more detailed discussions to take place with the management team between main board meetings.

Throughout his comprehensive induction, the Chairman had been impressed by the highly committed workforce and robust processes. He felt that there was a great deal of potential and it was the role of the Board to help unlock this. At the September Strategic Planning meeting, Trustees would discuss how the objectives would be reset within the Statement of Intent to 2025. It was reassuring that this would be done from such a position of strength.

Finally, he was pleased to report that John Whittingdale had been appointed as the Secretary of State at the Department for Culture, Media and Sport and that the Heritage portfolio had shifted so that it fell within the responsibilities of Tracey Crouch. Minister for Sport, Tourism and Heritage.



2. Minutes of the last meeting

- 2.1 The minutes for the meeting held on Wednesday 18th March 2015 were approved with one change.

3. Matters Arising

- 3.1 The Board asked about the development of the Jolly Boatman Site at Hampton Court Palace. John Barnes, Conservation and Learning Director, provided a verbal update.

4. Strategic Development

4.1 Digital

4.1.1 Historic Royal Palaces' Digital Strategy

The Board noted the content of the report. Nikolai Segura, Head of Digital Transformation explained that 2014/15 had been a foundation year; resources had been put in place and quick wins achieved. In 2015/6, he expected to increase the pace of change.

Val Gooding asked about the cost of the programme. Nikolai Segura confirmed the costs were in line with the Strategy agreed by Trustees. She also asked about the governance structure and the role of Trustees. Graham Josephs, Digital Project Owner, outlined this. He reports monthly to the Executive Board and there are formal updates to Trustees.

The Chairman considered that the Board's role was to agree the overall annual operating plan (and within it, the digital spend) and then monitor it. The impact of digital on the results will be monitored through key performance indicators. The team are in the process of defining these and setting the baseline.

The Board asked about a risk register for digital. There are registers for each work stream. It was suggested that these might be reviewed by the Audit and Risk Committee.

Louise Wilson asked about the creation of a single customer data base from existing separate systems. The consolidation of this information created a challenge in deciding the ownership of data. A Customer Communications Board chaired by Dan Wolfe, Communications and Development Director would ensure that the system delivers the outcome required.

Jane Kennedy asked whether it was possible to simplify the digital language. This was echoed by Jonathan Marsden. He suggested providing practical examples of the new initiatives. Michael Day offered to hold briefing sessions for individual Trustees if required.

The Board noted the work on defining a digital relationship and that the overall digital target would be refined for the revised Statement of Intent to 2025.

The Chairman summarised the actions arising. He asked for a report back to Trustees on how the expenditure is progressing and on digital targets once they have been established with a request to simplify the language in future reports.

The Chairman thanked Nikolai Segura for his report.



4.1.2 Digital Futures

- 4.1.2.1 Johan Hogsander, Deputy Managing Director of Transform Digital Futures, gave a presentation on digital excellence, with best practice examples for various areas. The most important success factor was having a customer-focused culture.

Trustees asked for his assessment of Historic Royal Palaces' current digital development. Whilst Historic Royal Palaces was at a stage where the major focus needed to be on creating a platform for the future, there was also some innovation. He gave examples of these - digital missions; Time Quake and the digital interpretation of Whitehall Palace.

Val Gooding observed that there were digital "threats" as well as "opportunities". Social media provided a platform for audiences to tell us what they think. It was important to acknowledge this power in a crisis and to react appropriately. Michael Day, Chief Executive, also noted the role that social media had played to inform the public following the recent fires at Battersea Arts Centre and Clandon Park. Our major incident plan was being revised to reflect how social media can aid communication.

Dawn Austwick asked about benchmarking the digital spend and obtaining value for money. Johan Hogsander explained that spend levels had been benchmarked when amounts were proposed, as part of the Strategy when it was created 18 months ago.

The Board thanked Johan Hogsander for his presentation.

- 4.1.2.2 Val Gooding noted that a significant amount of Historic Royal Palaces' expenditure was with Transform Digital Futures. She stressed the need to monitor the contract carefully. Graham Josephs agreed, reminding Trustees that our strategy is to move away from our reliance on Transform year on year. Jane McKeown advised the next phase of this contract would come to the Board for approval at the July meeting.

5. Monitoring Performance

5.1 Chief Executive's Reports for April and May

- 5.1.1 The Board noted the contents of the Chief Executive's Reports for April and May.

Louise Wilson asked about progress on recruitment of a new Head of Development. There was a strong field of applicants.

Michael Day noted that following the recent fires at the Battersea Arts Centre and at Clandon Park, the team was looking at any implications for our fire safety and risks at Historic Royal Palaces. Our salvage team had assisted at both locations. He would report to the June Audit and Risk Committee on Fire Risk and any matters for further consideration would be reported at the July Trustees' meeting. Trustees would also discuss the Annual Fire, Health and Safety Report at their June Meeting. The associated question of buildings insurance was being reviewed and he would report back to the Board in due course.

The Board also noted the update on the development plans for Hillsborough Castle. Lord Dannatt asked how visitor expectations were being managed in the interim. Michael Day explained that the Hillsborough team was actively engaged in local consultation. There was a revised timetable for the car park and access road as we worked through the planning conditions.



The Board noted with appreciation the work done by the team to achieve Arts Council Museum Accreditation for the five London Palaces.

A short film of the first ever Tudors on Tour event, staged at Tatton Park, was shown. The team was pleased with the quality of the event and would now review the lessons learnt to inform any future offsite plans. Michael Day was especially interested in the net cost of reach and value for money. John Barnes outlined some emerging statistics. Val Gooding asked how this work might be linked to the digital strategy to exploit the content.

Michael Day then highlighted Historic Royal Palaces recent successes across a range of awards, including being shortlisted for the Art Fund Prize.

He also advised that the Annual Review had been prepared in draft would be circulated for Trustees' comments by the end of the week.

5.2 Financial Performance for the year ended 31st March 2015 and for the first weeks of 2015/16

5.2.1 The Board noted the contents of the report. The year to 31st March 2015 had been another record-breaking year which will result, subject to audit, in a surplus of £7.4 million before reserve movements.

Jane McKeown reported on performance in 2015/6. There had been further improvement in week 7. Visitors were now slightly up against a challenging annual operating plan phased target. Other indicators were on expectation. Easter visitors had been uneven. Information about mix of visits would only be available once the first full month end accounts are prepared at the end of May.

Michael Day was monitoring the results closely, mindful of the strength of the Euro but felt that performance was close enough to plan at present. He would ask for a reforecast if there is a deterioration of the position.

Trajectory, who modeled our visitor forecasts, had been asked to update their estimates based on the current economic indicators. They had indicated that we would not reach our targets. However this work had been concluded before the General Election result.

Trustees then gave their views on key indicators to monitor. They also asked about the current performance of other visitor attractions.

6. Reserves and contingency plan

6.1 Reserves

6.1.2 The Board noted the contents of the report which set out Historic Royal Palaces' reserves policy. Holding reserves was part of normal business activity. The paper outlined our assessment of a realistic free and designated reserve level in response to discussions at the March meeting.

Val Gooding asked whether there was any push back from major donors and corporate supporters about our level of unrestricted funds. Bruce Carnegie-Brown explained that donors and corporates tend to look at the overall level of our reserves, not solely the unrestricted element, including designation plans. Dawn Austwick supported the current approach to unrestricted funds. Trusts and Foundations closer to our mission would understand this.

The Board approved the continuation of the target free reserve levels of £5 million, given the assessment of risks associated with key income and expenditure



streams and the high level of designated funds. The Board approved the final year-end designations of £24.4 million including the carry forward expenditure of £6.1 million.

6.2 Contingency plan

- 6.2.1 The Board noted the update on the contingency plan. The contingency plan was our response to a major catastrophic event. The Chairman proposed that if any fellow Trustees wished to have an individual session on the plan, they should contact Jane McKeown.

The Board asked Michael Day to write to the Permanent Secretary of the Department for Culture, Media and Sport asking her to confirm the position set out in their 2007 letter.

The Board noted the expected cost impact of the scenarios and was reassured by how many could be funded by the measures outlined, noting that this would require our plans for future development to be put on hold. Bruce Carnegie-Brown suggested a traffic light system to show if performance indicators signaled matters in the ordinary course of business or whether these were triggering something much deeper. The Chairman suggested a simple framework to indicate the likely impact in terms of scale and the depth of financial measures to be taken in response. This would help moderate the temperature in the event of a crisis. He would discuss this approach with the Finance Director.

7. Kensington Palace Orangery

- 7.1 The Board noted progress and commented on the initial visuals and next steps. A sub-group had been formed and had met to discuss the work. Jane Kennedy as the Trustee member of the sub-group, reported the outcome of their meeting. Further work was necessary to refine the planning strategy in terms of public benefit, and to review the design itself to ensure value for money. Bruce Carnegie-Brown asked whether alternative off-site options had been considered. John Barnes explained that this work had been done but needed an update. A site visit took place as part of this meeting.

8. Remuneration Committee

- 8.1 Directors withdrew and the Board was briefed by Lord Dannatt, Chairman of the Remuneration Committee on the discussions and approvals at the meeting, which had been held immediately preceding this meeting.

9. Projects and Expenditure

9.1 Secondary glazing installation at the Banqueting House, Whitehall

- 9.1.1 The Board authorised the investment decision for the windows installation at the Banqueting House, Whitehall.

10. Organisation and Governance

10.1 Annual General Meeting of Historic Royal Palaces Enterprises Limited (HRPE Ltd)

- 10.1.1 The Board noted the report and nominated Michael Day to represent Historic Royal Palaces' interests at the Annual General Meeting of HRPE Ltd on 11th June 2015.



10.2 Register of Interests

10.2.1 The Board noted the changes to the register of interests.

11. Key Events for Trustees' Diaries

11.1 The Board noted the report on key events for Trustees' attendance.

12. Next meeting: Monday 22nd June 2015 at Kew

