



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 18 May 2016**

Location: **Kensington Palace**

Attendees: Rupert Gavin (Chairman)  
Zeinab Badawi  
Sir David Cannadine  
Bruce Carnegie-Brown  
Liz Cleaver  
Lord Dannatt (until item 13)  
Val Gooding (until item 13)  
Jane Kennedy  
Jonathan Marsden  
Carole Souter  
Louise Wilson

Apologies: Mike Stevens

In attendance: Except for item 12;  
Michael Day - Chief Executive  
John Barnes - Conservation and Learning Director  
Graham Josephs - Human Resources Director  
Jane McKeown - Acting Finance Director  
Alyson Lawton - Trust and Company Secretary  
Dan Wolfe - Communications and Development Director  
Marcia Owusu-Mfum - Governance Assistant

For item 7 only;  
Nikolai Segura - Head of Digital Transformation

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

1.1 The Chairman was pleased to welcome Zeinab Badawi and Carole Souter to their first meeting as Trustees. He also noted that apologies had been received from Mike Stevens.

He was also pleased to announce that an internal candidate, Rachael Gilleard would be the new Head of Governance with effect from 1<sup>st</sup> August 2016.

The Chairman asked Trustees to declare any conflicts of interests. Jane Kennedy noted that the architects, Purcell, where she is a Senior partner and owner, were working on a number of projects including at Kensington Palace but not on the new building behind the Orangery.

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

2.1 The minutes for the meeting held on Wednesday 9 March were approved.



**3. Matters Arising**

**3.1 The Statement of Intent to 2025 would be circulated in its final form with the Chief Executive's Report for June.**

The Chairman thanked Trustees who had attended the joint dinner with Royal Collection Trust. It had been a very convivial and positive occasion. Jonathan Marsden, Director of the Royal Collection agreed, reporting that the Royal Collection Trustees had appreciated the opportunity to meet at Queen's House at the Tower of London. He suggested the Board might consider organizing similar occasions for other partner bodies.

**4. Monitoring Performance**

**4.1 Chief Executive's written review covering both April and May**

**4.1.1 The Board noted the contents of the reports. Trustees recorded their formal appreciation to the Garfield Weston Foundation for their generous funding for Hillsborough Castle. Michael Day also recorded formal thanks for all those involved in the opening of the Magic Garden at Hampton Court Palace. The publicity had been extraordinary.**

The Board noted the update on the new building at Kensington. A presentation would be made at the July meeting. Jane Kennedy felt that the design had improved and confirmed that she was content with the scope of the project. She asked about the impact on other projects of changes in timetable. Initial assumptions had already been provided in the Annual Operating Plan. There were some options to bridge the cost gap. In years two and three of the plan, there would need to be choices on the speed of other projects. Jane Kennedy observed therefore that this new building might therefore postpone some conservation work. John Barnes observed that our conservation projects were not now primarily about arresting decay but to make the buildings even more splendid.

The Board also discussed further new opportunities and gave their views. Information had been added to the major project report as part of the actions from the Trustees' Board Effectiveness review. This indicated which projects would be discussed at Trustees meetings or any other impending ad hoc review. Michael Day asked Trustees to let him know if there were other projects on which they would like an update. The Chairman suggested an update on the Tower entry project.

**4.2 Financial Performance**

**4.2.1 2015/16 Year end highlights**

The Board noted the contents of the report. Jane McKeown, Acting Finance Director, gave a summary of the overall final outturn for the year. The outperformance against forecast provided an additional £1.1million of designation to reserves for the Kew Pagoda and the Orangery at Kensington Palace. The Chairman applauded the performance given a slightly challenging year.

**4.2.2 Performance for first weeks of 2016/17**

The Board noted the contents of the report, which showed an interesting pattern of results for the first few weeks. After a poor Easter, visitor numbers have started to exceed last year in recent weeks but remain about 10% below budget cumulatively. There is some nervousness in the market but it is too early to re-forecast. This will be done at Q1 at the end of June. Michael Day explained how visitor numbers are now counted differently from previous years but will eventually be more accurate. The



Chairman asked for further information to be provided to Trustees.

Zeinab Badawi asked whether Historic Royal Palaces knew which events were more attractive to a domestic audience. Dan Wolfe explained our present understanding of our audiences. The Magic Garden is having a big impact with very local audiences. The Chairman observed that there were other events such as Horrible Histories which were intended to respond to the challenge of shifting the focus to domestic visitors in the light of a softer international tourist market. Michael Day reminded Trustees that a small percentage change in international visitors has a big impact on income.

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

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

### **5. Marketing**

**5.1** The Board noted the contents of the report. Dan Wolfe explained that there is evidence that our strategy is working and that for the year ahead, we have a solid year of both content and promotional activity, with the year of the garden at Hampton Court Palace being the focus. Trustees asked whether given the success of the Magic Garden there was opportunity to replicate this at other sites. Michael Day explained that the demographics were different at each palace and whilst it was clear that a high quality, exciting family offer does change perceptions, a dedicated children's garden might not always be the relevant response.

Louise Wilson asked for a more formal update on the domestic strategy and for conclusions from the benchmarking. It appears at present that London based sites are suffering more than out of London sites. She also asked about the work to define the essence of each palace. The idea is to bring more focus than existed before in content development. The ambition is to define exactly what each of the palaces are famous for, making it compelling in terms of what we want to say but also what customers would expect to see. This audience message would become central to the presentation and content both onsite and in digital, whilst not necessarily limiting other reasons to visit.

Zeinab Badawi asked about the communications strategy. She noted that the success of the Magic Garden gave us a platform to tap into new audiences for instance to talk about the work and the anniversary of Capability Brown, the landscape gardener and his role as an environmentalist. Carole Souter asked how the team was responding to the great numbers visiting the Magic Garden, and what else was in the offer for domestic visitors. This was a continuous management challenge but we have created other opportunities to draw audiences into the palace.

The Chairman thanked Dan for his update and for the new direction for advertising creative.

### **6. Hillsborough Castle**

**6.1** John Barnes gave a presentation on Hillsborough Castle, reminding Trustees of the major components of the development project. In July, he will report on the business case and capital costs as part of the HLF stage 2 process. Trustees, when they visit Hillsborough in September will hear about the activity and interpretation plan. Jane Kennedy explained that she had reviewed the plans. The significant majority of it was of a very high standard. There had however, in her view, been some compromise in the new visitor building at the lower end of the site affecting the quality of the design and the resulting design concerned her. Michael Day explained that the team had worked very hard on the complex ambitions for this building with many different strands and multiple pressures to be taken into account. The scheme now satisfied the brief, all key future operations needs and the interests of key stakeholders. It was agreed that this matter would be discussed further outside the meeting and that some of the detailing is



being refined.

Zeinab Badawi noting the significance of Hillsborough's location, asked about the ambition for conferences citing opportunities for integration and interfaith dialogue. John Barnes explained that this was in our thinking, noting its recent history as a place where people come together and outlined the capacity available for conferences. This will be trialed in the autumn.

Jonathan Marsden asked whether the garden designs had taken into account the anticipated number of visitors. He also asked for an update on the opportunities for running programmes for disadvantaged people. Michael Day explained the plans.

## **7. Digital Programme**

7.1 The Board noted the contents of the report. Nikolai Segura, Head of Digital Transformation demonstrated some of the new digital systems.

Bruce Carnegie-Brown asked about the data security. Improvements are already being seen with multiple data systems being replaced with a single source of data. Data security is a very important matter and the IS team are recruiting for a new role to ensure best practice. There are also controls on employee access to data. Jane McKeown noted that there would be a presentation at the next Audit and Risk committee on data security.

Bruce Carnegie-Brown also asked whether customer information was being developed for mobiles rather than desk top platforms. Nikolai Segura confirmed this, noting that 60 to 70% of our traffic is from mobile.

Louise Wilson asked whether the single data source could give us a way to count international and domestic audiences. This would not be possible as not every visitor will be recorded on the system. The challenge is recording this at point of admission, especially when a large proportion of our visitors arrive through group tickets.

Liz Cleaver congratulated the team for their work on delivering the projects to date on time and in budget. She was excited to see how the data can help us to understand our customers better.

Noting that Nikolai Segura was not a permanent member of staff and being two years into a planned five year programme, the Board asked how the programme would be run once he was no longer here. Graham Josephs explained that digital capability would be embedded in the organization. It was likely that the current governance structure would not be needed after year four and there was a plan over the next two years to transfer to new governance arrangements to reflect "new business as usual". Dan Wolfe endorsed this, noting that we were working to build our own digital specialists.

## **8. The Reserves Policy**

8.1 The Board noted the contents of the report. Jane McKeown explained in detail the thinking behind the target level of free reserves of £5 million. The Board approved the continuation of this target, given the assessment of risks associated with key income and expenditure streams and the high level of designated funds and approved the final year end designations of £20.4 million including carry over expenditure of £4.4 million.

## **9. Trustees Board Effectiveness Review**

9.1 The Board noted the contents of the Chairman's report. The Chairman had found it a useful and constructive process. Michael Day gave a further clarification on when projects are considered by Trustees. In our protocol, the threshold for the investment decisions or an increase of expenditure over budget is defined in monetary terms. What



is less clear is when the project changes scope or is at an earlier stage. As part of the Chief Executive's report, we include an update on major projects. Routinely, the Chairman and Chief Executive will now review this and identify when projects should be considered by the Board. Conservation projects follow a different trajectory to development projects such as Hillsborough.

After discussion, the Board agreed to stand down the Interpretation Committee, noting however that there may be occasions to consider projects with particular sensitivities and these should be discussed on an ad hoc basis.

Jane Kennedy asked whether projects routinely come to Board meetings in advance of planning applications. John Barnes explained that this was a matter of judgment. For development projects, he expected that a sub group would review it prior to an application. Trustees were content to then review the project later knowing that the sub group had seen it. However there were also routine planning applications for conservation work and we do not bring these to the Trustees Board as they are in the normal course of business.

The Chairman thanked the Board of Trustees and the Executive for their input into the report. The Board endorsed the conclusions.

## **10. Sub Committees**

### **10.1 Audit and Risk Committee**

10.1.1 The Board received the minutes from the meeting held on 17 March and agreed to appoint Carole Souter to the Committee with immediate effect.

### **10.2 Remuneration Committee**

10.2.1 The Chairman of the Remuneration Committee gave a verbal summary of the discussion at the meeting held immediately prior to this meeting. Detail would be discussed later in the Trustees Private session.

## **11. Kensington Palace – King's State Apartments Phase 2**

11.1 The Board noted the contents of the report and authorized the investment decision to implement phase 2 of the building and services infrastructure improvements and representation of the Kings State Apartments under a construction management procurement approach for a cost of £1,712,000 plus VAT.

11.2 The Conservation and Learning Director informed Trustees that there was a proposal being developed for the purchase of dress which would be funded from the acquisitions fund. He was seeking the views of the Chairman and Jonathan Marsden and once they were content, he would be circulating a paper by email seeking the Board's consent.

## **12. Trustees' Private Discussion**

12.1 Directors withdrew to enable Trustees to discuss matters privately.

## **13. Procedural Matters**

### **13.1 Honorary Patrons Scheme**

The Board noted the contents of the report. Bruce Carnegie-Brown felt that developing the difference in definition between Ambassadors and Patrons would be helpful over time. The Board approved the new structure and policy.



**13.2 Print Management Contract**

The Board endorsed the recommendation in the report for the award of a three year contract. The Chairman noted that wherever possible we should keep our minds open to how much we actually print.

**13.3 Investment Committee**

The Board received the minutes of the meeting held on 23 February 2016. A verbal report had been given at the March meeting.

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

The Board noted the report and nominated Michael Day to represent Historic Royal Palaces' interests at the Annual General Meeting of HRPE Ltd on 8 June 2016

**13.5 Register of Interests**

The Board noted the changes to the register of interests.

**13.6 Locations for Trustees meetings for 2017 and 2018**

The Board noted the locations for the Trustees Meetings in 2017 and 2018.

**14. Any Other Business**

**14.1** Louise Wilson observed that Historic Royal Palaces had recently held a number of successful events including the Banqueting House, Whitehall Stakeholders reception, the opening of the Magic Garden and the Empress and the Gardener exhibition and thanked the team for delivering them.

**15. Next meeting: Monday 20 June 2016 - Approval of the Annual Review and Financial Statements.**

