



Historic Royal Palaces is the independent charity that looks after:

**Tower of London**  
**Hampton Court Palace**  
**Banqueting House**  
**Kensington Palace**  
**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 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 27<sup>th</sup> November 2013**

Location: The Tower of London

Attendees: Charles Mackay (Chairman)  
Sir Alan Reid (Deputy Chairman)  
Sophie Andreae  
Dawn Austwick  
Ian Barlow  
Liz Cleaver  
Lord Dannatt  
Val Gooding  
Malcolm Reading  
Sir Trevor McDonald  
Jonathan Marsden  
Louise Wilson

In attendance: Michael Day - Chief Executive  
John Barnes - Conservation and Learning Director  
Tania Fitzgerald - Finance Director  
Richard Harrold - Tower Group Director until item 4.3  
Graham Josephs - Human Resources Director  
Alyson Lawton - Trust and Company Secretary

For item 4.1; Nigel Randall - Head of Information Technology  
From Transform; Johan Hogsander, Richard Long, Nikolai Segura

### 1. Chairman's comments

1.1 The Chairman welcomed Val Gooding to her first Trustees' meeting.

### 2. Minutes from previous meetings

2.1 The minutes of the meeting held on Thursday 3<sup>rd</sup> October 2013 were approved.

### 3. Matters arising from previous meetings

3.1 There were no matters arising.

### 4. Strategic Development

#### 4.1 The Digital Strategy

4.1.1 The Board noted the contents of the report. The Board viewed a film that indicated how visits to the palaces in the future might be enhanced through digital means as one example of the impact of the Digital



Strategy. Johan Hogsander for Transform then outlined the key elements of the timeline to deliver the Strategy. Liz Cleaver, who had been involved in the process, commended the work to the Board. There was a significant level of detail behind the summary presented to the Trustees, should they wish to see it.

Jonathan Marsden asked for further clarification of the nature of HRP's digital relationship with its audiences. The Board explored this. Importantly, digital provided the means for a much greater reach to people who may not be able to come or who had not thought about coming to our sites. This is a fundamental part of our charitable purpose and a change to the level of our ambition. Through this strategy, audiences had the choice to engage at a deeper level with us. The Chairman suggested that the team might consider further defining the digital relationship. He also noted that digital would play a critical role in enabling us to present our palaces and their contents in different ways to meet the requirements of different audiences.

Val Gooding asked for examples of other organisations doing "digital" well. Johan Hogsander explained that in his opinion, the best in the heritage and museum sector was the Smithsonian Museum, in the United States. However, the research had pointed to other sectors leading from a customer perspective, as these would become the norms of the future.

The Board then considered the scale and indicative cost of the overall strategy. The plan set out a timetable for five years and five work streams. Rather than setting up a fixed plan, it was important to remain flexible, especially in this area of work and over this timescale. The programme would be managed by a change board and one would expect the need to reprioritise over the five year period. Technology changes quickly and emerging technologies might become the new way forward. A new Head of Digital would be recruited.

Dawn Austwick asked about the interrelationship between the work streams. There were very few functional dependencies but there was benefit between the streams. Liz Cleaver noted that Trustees had asked management to develop a holistic approach. She felt the Strategy was competitively priced. It was within benchmarks of percentage of income spent on digital in other organisations. She reassured Trustees that in all the work streams we were not embarking on any technology that was not proven.

Sir Trevor McDonald noted that it was important to develop a strategy that did not overwhelm the organisation. The report recognised these risks and management should keep a watch on them.

Dawn Austwick asked how we can make sure that the strategy includes those audiences traditionally seen as excluded. Michael Day explained that this was complex and requires a separate and more philosophical discussion about what our ambitions were. Sir Alan Reid suggested that the answers might not be found in this particular strategy.

Val Gooding felt there was an opportunity to consider how digital might galvanise donors in the future.

Tania Fitzgerald reassured the Board that the Strategy gives us the opportunity to assess, review and recommend phases of investment, which will all be subject to the delegated authority levels.

The Chairman concluded the discussion. There was unanimous approval for the Digital Strategy from Trustees. The Board liked the sensible approach but noted that it was a challenging area and asked the Chief



Executive to consider how Trustees can be updated about progress.

#### 4.2 Hillsborough Castle

- 4.2.1. The Tower Group Director explained progress to date. He reported progress on the contract. Major matters of principle had been agreed and minor points were being worked through. The Board then discussed the communications plan.

The Board agreed that Historic Royal Palaces should take on the management of Hillsborough Castle, subject to the successful drawing up of contracts with the Northern Ireland Office. They also;

- approved the draft Memorandum of Understanding with the Royal Household,
- approved the Terms of Reference of the Advisory Board (subject to the minor changes made by the Chairman to improve the clarity of the terms and that NI Academia should specify “History”) and agreed the appointment of Bill Montgomery as the first chairman of the Hillsborough Castle Advisory Group.
- passed the resolution for changes to the Royal Charter and agreed that Hillsborough met the requirements now defined.
- agreed a process for agreeing the contract, the Chairman to review the final contract before agreement by the Board of Trustees.

#### 4.3 Strategic Aim; *Build one organisation united behind the Cause*

- 4.3.1 The Human Resources Director, Graham Josephs, introduced the Annual People report. We continue to recruit and retain good people. The recent staff survey results indicated a lot to celebrate. However the results of some teams were a little disappointing and there were some signs of the downsides of the high level of organisational activity. We will be working with staff to ‘enable’ them to give their best performance.

Trustees discussed the following areas: pay; the level of sickness absence, diversity and work pressure.

Trustees noted the work in the area of ethnic diversity, but were nevertheless disappointed with the overall rate of progress. Following discussion it was agreed that the Chief Executive/HR Director would arrange for a more detailed presentation of our diversity work at a future Trustees’ meeting.

The Board noted the strategic priorities for the year ahead, and guided management to increase yet further the pace of ethnic diversity and the focus on reducing the sickness rate, and noted the work being done to manage work pressure.

### 5. Projects and Expenditure

#### 5.1 Home Park Roads

- 5.1.1 The Board noted the contents of the report. The first phase of this project was in this year’s budget and future phases would be subject to affordability. Trustees noted that the weight of heaviest lorries was having a detrimental impact. The Board approved the project and asked that once roads had been repaired, a weight restriction should be



implemented.

## **5.2 Waterloo Block Chillers**

- 5.2.1 The Board noted the contents of the report. The project had first come to Trustees in 2012 and was deferred pending further work when the tenders pushed the cost significantly in excess of the pre contract estimate. The additional scrutiny has now confirmed the approach. Malcolm Reading agreed, noting that although not significant, there would also be future energy savings. The Board approved the investment decision.

## **5.3 The Cleaning Contract**

- 5.3.1 The Board approved the extension of the existing Cleaning and Associated Services contract with Mitie Cleaning by fifteen months from January 2014 until 31st March 2015.

## **6. Monitoring Performance**

### **6.1 Chief Executive's Reports for October and November**

- 6.1.1 The Board noted the contents of the Chief Executive's report.

The Chief Executive gave an update on the acquisition of the collection store and on The Magic Garden project at Hampton Court Palace. He was pleased to report a generous donation from Sir Donald Gosling towards the funding of the garden.

Work towards a business case for an installation at the Tower of London was proceeding and final approval from Trustees would be sought in January. The project was complicated due to its novelty and also associated contractual issues relating to the use of the moat for commercial events.

Regrettably, due to the scale of the financial risk in the plan, the decision had been made to postpone *Tudors on Tour* until 2015. Liz Cleaver expressed her disappointment as this was one of the major planks of the new Learning and Engagement Strategy. The one-year deferral would give more time to conduct some market research on the income, review the sensitivity of the costs and permit trials of some elements. The project would be on the Trustees' Agenda in January to agree a way forward.

Louise Wilson asked about the key performance indicators on visitor satisfaction, value for money and staff engagement from the Summer Survey, which had showed a slight decline. The Chief Executive explained that this was not necessarily significant. These dimensions were measured more than once a year. Underpinning these headlines, an extensive amount of data had been collected, which was now being analysed by the relevant Palace teams to identify areas for improvement.

### **6.2 Financial Performance to the end of October 2013 and the Mid Year Review**

- 6.2.1 The Finance Director reported that all income areas were ahead of budget and operating expenditure was within budget. The main reason for underspend within major projects was due to the delay in purchase of the collections store.

The Board then considered the report on the Mid-Year Review and



approved the improved forecast result and the bids for additional expenditure in 2013/14.

**7. Organisation and Governance**

**7.1 Audit Committee, 20<sup>th</sup> November 2013**

7.1.1 Dawn Austwick, the Chair of the Audit Committee, gave a verbal report on the meeting. The external quality review of the Internal Audit function had questioned our institutional approach to risk management. After discussion, the Audit Committee felt comfortable with our approach which relied more on the judgement of management. The NAO agreed that we were managing risk appropriately. However, it was agreed that the Executive Board would look at the systems and processes and re-confirm their approach to risk management.

**7.2 Investment Committee, 6<sup>th</sup> November 2013**

7.2.1 The Board noted the contents of the minutes. Sir Alan Reid explained the options for an Investment of £10 million in corporate bonds based on rate of return and the average length of maturity. He recommended an option with an average maturity of 3.7 years. This had been endorsed unanimously by the Investment Committee. As this is a change to the investment policy that increases risk, the decision to invest required Board approval. The Board approved this plan. Sir Alan also noted the discussions on the Pension Fund Investment Strategy.

**7.3 Remuneration Committee, 27<sup>th</sup> November 2013**

7.3.1 Lord Dannatt, Chair of the Committee, gave a verbal report on the meeting held that morning. It is proposed to discuss the Executive Board Succession Plan at the January Trustees' meeting.

**7.4 Changes to Board Committee Membership**

7.4.1 The Board agreed to appoint Bruce Carnegie-Brown, who will be Chair of the Campaign Board from 1<sup>st</sup> January 2014, to the Investment Committee.

**7.5 Register of Interests**

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

**8. Any Other Business**

8.1 This was Ian Barlow's last meeting as Trustee as he steps down on 31<sup>st</sup> December 2013. The Chairman, on behalf of the Board, thanked Ian most warmly for all his work both as Chair of the Campaign Board and as a Trustee, also serving on the Investment Committee.

**9. Strategic Plan 2014-17**

9.1 Due to time pressure at this meeting, the Board agreed to postpone the discussion on the thinking to date on the major project plans for 2014-2017 until the next meeting. The Board confirmed the notes from their Strategic Planning meeting on 2nd October subject to one small change and noted the framework conclusions from the Executive Board's



strategic review sessions.

10. **Next Trustees meeting:**  
Thursday 23<sup>rd</sup> January 2014

