



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: **Friday 16 June 2017**

Location: **Hampton Court Palace**

Attendees: Rupert Gavin (Chairman)
Zeinab Badawi
Bruce Carnegie-Brown
Ajay Chowdhury
General Sir Nicholas Houghton
Jane Kennedy
Jonathan Marsden
Carole Souter
Sir Michael Stevens
Louise Wilson

In attendance: Michael Day
John Barnes
Sue Hall
Dan Wolfe
Rachael Gilleard
Jane McKeown (items 1 – 8)
Jane Bettany, Nigel Cook, Terry Crowdy, Andrew Favell (item 4)
Kate Frame, Terry Gough, Adrian Phillips (item 11)

Apologies: Sir David Cannadine (Deputy Chairman)

1. **Opening business**

1.1 The Chairman welcomed Trustees to the meeting.

1.2 Apologies were noted from Sir David Cannadine.

1.3 No conflicts of interest were declared.

1.4 The minutes of the last meeting were reviewed. Responding to a question from Louise Wilson, John Barnes confirmed that the final cost for the HCP electrical installation work is likely to be below the amount previously approved by Trustees. Ajay Chowdhury confirmed that the action for he and Dan Wolfe to speak about the domestic market was complete. Jane Kennedy clarified that she was interested in the responsibilities of a Trustee, not the role, and the minutes will be duly amended. Rachael Gilleard will discuss training requirements with Jane Kennedy and propose a programme, which will be shared with all Trustees.

The minutes were approved and progress on actions noted.

2. **Audit and Risk Committee**

2.1 *Verbal report from the Audit and Risk Committee*

Sir Michael Stevens gave a verbal update on the Audit and Risk Committee which was held on 6 June. The Committee business included:

- Reviewing the major projects report, noting that a full review of the Armouries



in Action project was to be carried out.

- Receiving a presentation on safeguarding, noting that a comprehensive framework was now in place and that there had been no significant incidents in the year.
- Discussing HRP's response to the recent terror attacks.
- Assessing the progress of the work of the Internal Audit team, and noting that much had been done to get back up to speed on audit completions.
- Reviewing the audit reports, which were generally very good. The only weak audit was in relation to pricing of tours, which is now being reviewed.
- A representative from the NAO joined the meeting to discuss the audit completion report. They had found no significant issues and had no points to raise.
- The financial statements were reviewed.
- The Risk Advisers attended the meeting to answer questions about their risk reports, all of which were comprehensive and judged by the Committee to be reasonable.

Sir Nick Houghton asked whether lessons learned from Armouries in Action would be put into the MOU with the Royal Armouries. Michael Day explained that the MoU dealt with principles but that something could be appended, if appropriate, after the review was complete.

Ajay Chowdhury asked what the process was for considering security measures at the palaces. Michael Day explained that HRP had responded to national government advice on the threat level and enhanced security accordingly. This was reviewed again after the most recent attacks and heightened security measures instigated again where deemed to be required. The Security Adviser has been asked to review and recommend the longer term 'business as usual' level of security. This will be considered by the Executive Board and then brought to Trustees. Sir Michael Stevens noted that the Audit and Risk Committee had considered the question of increased security, but understood that the security review will address this.

The Chairman asked whether audit reports were now being delivered in a more timely fashion. The Audit and Risk Committee asked for a tracker to identify delays between completion of fieldwork and delivery of reports, and progress has been encouraging.

2.2 *The Annual Report of the Audit and Risk Committee*

Trustees noted that the report gives a 'good' opinion of HRP's governance, risk management and control. Sir Michael directed the Board's attention to the following key points, which underpin the opinion:

- Progress was being made against the key actions raised in 2016/17.
- The Committee had reviewed the governance statement and satisfied itself that there were no significant issues that needed attention.
- The Committee reviewed the financial statements and considered that the relevant accounting and disclosure requirements had been met. It was therefore content to recommend them to the Board.
- The Committee considered the findings of the external auditor and opinion of the National Audit Office, which was unqualified. The Committee complimented management on this achievement.
- At the time of the report, the Internal Audit department had reported on 14 audits, of which 5 were good, 5 satisfactory and 4 weak. One report was outstanding. 90% of audit actions had been implemented and none were overdue. The Committee considered this to be a good level of performance.

Bruce Carnegie-Brown asked about the cycle for the next Internal Audit review of risk management and Sir Michael Stevens explained that this was set on a three-year programme, although the Committee does try to ensure that higher risk areas are reviewed with greater regularity.



Jane Kennedy asked about the issues within the ‘weak’ audit. These have now largely been addressed.

In response to a question from Jonathan Marsden, Sue Hall explained that the team does try to offer advisory services to teams, but this is limited by resources.

Sir Michael Stevens thanked HRP staff for their work during the year and the Audit and Risk Committee for their contribution.

3. Audit completion report

3.1 The Board noted the report. With no significant issues arising, as in previous years, the National Audit Office had chosen not to attend this meeting. The Board offered their congratulations to the team.

4. Audit and Risk report

4.1 The Board received the annual report of the Audit and Risk department. Specific questions from Trustees were:

Sir Nick Houghton observed that in light of the recent threat levels it was incumbent upon Trustees to ensure that HRP reacted swiftly to address any weaknesses in security. In response to this, and questions from various Trustees, Nigel Cook explained that this was a dynamic situation and any weakness need to be addressed on an educated basis. Human vigilance is the best security, but this has manpower implications. Staff have discussed what is appropriate and proportionate and various measures are being considered. All staff, including casual and temporary, have training within their induction, in addition to which there is local counter-terrorism training. As result of HRP’s security measures people have been stopped, and data will be provided on this. The Chairman reminded Trustees that an emergency planning event has been rehearsed at the Tower. A review of security is being carried out now and the Board will receive a full report and recommendation from the Security Adviser.

With regard to cybersecurity, HRP has an education process for this and more work is planned on ‘positive testing’ but so far there have been no compromises at desktop level. A major incident plan is in place and HRP has insurance cover. HRP is about to appoint a dedicated cybersecurity manager.

With regard to fire risk in the White Tower, we expect the Fire Engineer’s report to confirm that current occupancy levels are safe.

5. Risk register

5.1 The Board reviewed the report, and the following points were noted:

We are awaiting a meeting with the Lord Chamberlain’s Office in order to complete London Bridge planning.

Business continuity plans are in place in the event that the ticketing system is compromised.

HRP should seek assurance from all of the third parties that host data on our behalf that their processes and systems are secure.

In the risk register identifies one red risk – that of a major unpredictable event that shifts visitor numbers. This, and the attendant issue of security, was discussed on a number of occasions during the meeting. The Board noted that operational expenditure is dedicated to security and that security considerations are designed into capital projects (for example, at Hillsborough Castle). The Board anticipates that more may well have to be spent, subject to the outcome of the forthcoming discussion.



6. Financial Statements

6.1 The Board noted the contents of the report and approved the Financial Statements, thanking Jane McKeown and the rest of the Finance team for their work in preparing them.

7. Annual Review

7.1 The Board approved the Annual Review and thanked those involved in putting it together.

8. Register of interests

8.1 The Board noted the register of interests.

9. Annual Operating Plan

9.1 The Board noted that the Annual Operating Plan had been restated for carryovers and agreed the Plan.

10. Marketing

10.1 The Board received an update on marketing activity.

Bruce Carnegie-Brown asked whether it was possible to control the number of tour groups and improve the experience for higher-margin visitors. Teams are aware of this issue and are looking at options. A more detailed review would be welcomed by the Board.

Sir Michael Stevens enquired about plans to increase direct online ticket sales. Traditional media will highlight online purchase and the discounts available online. We will also increase spend on digital advertising and pay attention to converting website traffic into sales.

Ajay Chowdhury would like to see digital KPIs reported with management information and asked whether HRP has an expert in automated marketing. He offered to work with the C&D team to develop this area of business.

Louise Wilson observed that the 2020 target for domestic visitors had been achieved this year. We will still be aiming for a year on year increase and the target would be revised when the Statement of Intent goals are reviewed. Louise Wilson also asked about the challenges with Best Union and Dan Wolfe explained that BU's core product was stable; the challenge was in the account management. He will consider asking for a dedicated account manager.

In response to Trustees' concern about the impact of recent terror attacks on visitors, Dan Wolfe explained that our media agency will focus on the domestic market over the summer and that our advertising can be flexed accordingly.

In response to a question from Zeinab Badawi on engaging with younger audiences, it was acknowledged that more needs to be done with social media.

11. Giving the palaces the care they deserve

11.1 The Board received the annual update on our work to give the palaces the care they deserve.

Carole Souter noted the need to complete large projects that have been deferred and Sir Michael Stevens questioned whether the reduction in expenditure on planned



maintenance was a risk. Adrian Phillips explained that the short-term reduction in expenditure on planned maintenance, whilst we focus on key corporate initiatives such as Hillsborough, was a risk, which is acceptable for the short term but other conservation work will need to be addressed in the medium to long term. The Board praised the team for its awards success and suggested that HRP makes more of this.

Trustees recognised that the scope and scale of the work to the interiors and collections was enormous. The Chairman noted that great progress had been made in improving the condition of the collection in the last 10 years. Kate Frame explained that it was impossible for 100% of the collection to be in good condition at any one time, but that there was nothing of concern, with the exception of the Queen's Stair celling at HCP, which is known to be problematic.

The Board thanked the teams for all of their work during the year.

12. Any other business

12.1 Louise Wilson congratulated staff on success of the Companions of Honour event.

The Chairman drew Trustees' attention to the summary cover sheets that had been produced in response to their request in the Board effectiveness review.

The Chairman informed the Board of his discussion with the Chair of the Fundraising Regulator and that, as previously agreed by the Board, HRP's levy would be paid on the basis of the relevant fundraising costs in the 2016/17 accounts.

The Chairman updated Trustees on developments in DCMS: John Glen MP is the new Parliamentary Under Secretary of State for Arts, Heritage and Tourism; we have had a positive discussion with DCMS about the process for re-authorisation of the contract; DCMS has re-submitted the recommendation for appointment of a Trustee.

In closing, the Chairman noted that this was the last meeting for Michael Day as CEO of HRP. He thanked Michael for his invaluable work and considerable devotion to HRP over the last 14 years. He has been instrumental in making HRP the exceptional organisation it is today and for this he, and all the Trustees, expressed their deep gratitude.

13. Next meeting: Wednesday 19 July, 9.30am, Tower of London.

