



## Minutes



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.

Meeting name: **Board of Trustees**  
Date of meeting: **Wednesday 21 March 2018**  
Location: **New Armouries Meeting Suite, Tower of London**

Attendees: Rupert Gavin (Chairman)  
Zeinab Badawi  
Bruce Carnegie-Brown  
Ajay Chowdhury  
Jane Kennedy  
Carole Souter  
Sir Michael Stevens  
Sue Wilkinson  
Louise Wilson

In attendance: John Barnes, Sue Hall, Gina George, Paul Gray, Richard Harrold, Graham Josephs, Tom O'Leary, Adrian Phillips, Dan Wolfe, Rachael Gilleard

Apologies: Professor Sir David Cannadine (Deputy Chairman), Lord Houghton, Tim Knox

### 1. Opening business

- 1.1 The Chairman welcomed Trustees to the meeting.
- 1.2 Apologies were noted from Sir David Cannadine, Lord Houghton and Tim Knox.
- 1.3 Jane Kennedy reminded the Board that she is a Senior Partner of Purcell. Purcell has been selected as the architect for the build of the Orangery Wing at Kensington Palace.
- 1.4 The minutes of the last meeting were reviewed and agreed. Trustees agreed to change their meeting schedule. This will operate from 2019.

### 2. Monitoring Performance

#### 2.1 Chief Executive's report

With regard to the 1918 commemorative event, Trustees felt that it was important that they understood what is being proposed, and how this will sit with other planned

commemorative events. A presentation will be brought to Trustees in May.

Sir Michael Stevens and Carole Souter raised questions about the report on the Thames Ditton Collection Store – the strategic imperative for the acquisition was not clear and the benefits not articulated in the recent briefings. Before exercising the right to occupy the whole warehouse, Trustees would need to be given a clear understanding of how many of the 92 rooms that were originally identified as being freed up as a result of the store will actually become available, and what they will be used for.

The legacy was gratefully acknowledged by Trustees. In response to a question from Bruce Carnegie-Brown, Dan Wolfe commented that this gift had prompted HRP to re-look at its legacy strategy and how we pay tribute to Patrons.

Carole Souter raised a question about the environmental sustainability of HRP's catering and retail packaging. Gina George confirmed that action had been taken with regard to using sustainable catering products. Retail packaging is also being reviewed, although is more challenging because we use third party suppliers. Sue Hall has become the Sustainability Champion. A Sustainability Strategy is being put together and will be presented to Trustees when complete.

Trustees noted that, in accordance with their decision in November 2015, the Chairman will sign the leases and deeds of variation for the Fort and Courthouse at Hillsborough Castle.

The Report on projects was noted. Sir Michael Stevens commented that it was difficult to see the amount of contingency remaining on projects. He would like to be able to understand the budget for the entire project, the contingency and the outturn.

Sir Michael Stevens asked about the tender returns for Hillsborough Castle. Adrian Phillips explained that the riskiest period of the project, in terms of discoveries, is coming to an end, but that there is limited contingency left. Sue Hall confirmed that no further monies had been allocated to the contingency in the Operating Budget. Jane Kennedy, who has visited the site and met the team, informed Trustees that in her view much of the overrun is due to market conditions and is not due to any errors being made by the team.

## 2.2 *Financial reports*

Trustees noted the financial report. Ajay Chowdhury queried whether the visitor trend in the second half of the financial year was expected to continue. John Barnes explained that, in



common with similar organisations, HRP finds this difficult to predict, but that a very careful watch is being kept.

In response to a question from Sir Michael Stevens, Gina George explained that the delayed spend on the retail operating system was due to a change in programming. Implementation will go ahead in September, and monies paid on contract signature.

3. **Operating Plan 2018-2021 and Operating Budget 2018/19 and designation of surplus funds**
  - 3.1 John Barnes introduced the Operating Plan, explaining that it is a plan that supports growth. It contains the largest capital programme that HRP has undertaken, increased costs resulting from enhanced planned investment in the estate, digital and security costs. The result is some rising costs matched by income in year one, and exceeded in years two and three, when both the operating surplus and the surplus before projects begin to grow.

He further explained that two thirds of the planned headcount increase accommodates previous commitments such as enhanced security measures, the opening of Kew Pagoda and operations at Hillsborough Castle. One quarter of new posts are cost neutral or support income growth and the remainder are to deal with pressure points in the organisation.

Trustees agreed that the Plan was much easier to understand than in previous years and welcomed the revisions to content and presentation. Trustees raised a series of questions, below:

Bruce Carnegie-Brown: discussion of sustainability is missing from the Plan, although it is understood that this is being dealt with at departmental level. Inherent in the growth plans is greater risk – HRP has demonstrated before that it is able to manage changes in-year, but there is execution risk in this Plan which will need to be managed.

Zeinab Badawi: applaud the ambition to reach greater audiences. HRP should look at different approaches to achieving this, such as exploring oral history or alternative ways of working with academic institutions.

Carole Souter: there is a huge amount of work going on; can this be sustained.

Sir Michael Stevens: the strategic framework refers to exercising restraint on the growing cost base, although operating costs are increasing, much of which is in increased



headcount. It is not clear where the posts that generate income are located. He also queried the use of contingencies.

Louise Wilson: shares others' concern about increase in cost base. What commitment is being made to increasing the domestic visit market? Payback on the greater reach projects is important and HRP should carefully consider any further off-site activity like Tudors on Tour. The Plan refers to a big shift at the Tower; are we spending enough to make it effective? Is the balance of spend between the Tower and Banqueting House reasonable?

Sue Wilkinson: the Plan could be clearer about the outcomes we are aiming to achieve, with an evidence base for the reasoning.

Ajay Chowdhury: the Plan loads more risk into the business while fixed costs are increasing. Would like to see sensitivity analysis against some of the assumptions e.g. price increase at the Tower. How is digital being incorporated into the organisation without losing its impact?

Chairman: queried why the interest figure is going down, why retail sales are reducing and the cost of raising development income, which appears high.

John Barnes responded as follows:

Taking on board Trustees' comments, use of contingency will be reviewed.

Clarity on non-financial objectives will emerge as the work on the cause, and the supporting objectives, is developed.

Tower pricing sensitivity has been considered in coming to the proposed price for 2018/19.

We do not yet know what the big shift at the Tower will look like, or what the cost will be. The Banqueting House is the only site that has not had significant sums spent on it; we have yet to alight on what the big idea for the Banqueting House is, but we believe that it is important to do so.

The Operating Plan 2018-2021 and Operating Budget 2018/19 was approved in overall direction. The Operating Budget will be refined and represented in May, also with responses to specific questions.

Longer terms actions are to consider Trustees comments on the non-financial content of the plan; return to Trustees with



thoughts on the big shift at the Tower; update contingency modelling scenarios.

The strategic framework was noted.

The recommendations for designation of reserves was approved, noting that the final position will be brought to Trustees in May.

#### **4. Hillsborough operating plan**

- 4.1 Trustees noted the report and Richard Harrold's comment that while the plan showed additional costs to those that had been previously presented, the plan was, in his view, robust.

Carole Souter was less optimistic about the break even position; in her opinion people will go back to the gardens rather than the house. Having been to site, she commended the team on their proactive on the ground project management.

Jane Kennedy reminded Trustees that Hillsborough Castle was a long term commitment for HRP.

Ajay Chowdhury felt that more marketing and PR spend was required, and that more would be needed to attract visitors. Dan Wolfe responded that Hillsborough is a prime project for Tourism NI and that it will be front and centre of their efforts. BBC NI is considering a three-part documentary on the preparations for opening. We will make a judgment later in the year about reallocation of marketing spend.

Bruce Carnegie-Brown asked whether there would be a Magic Garden style offer in the grounds – the idea is being considered positively for the medium term, but is not currently budgeted at this stage.

Louise Wilson questioned the uplift in functions and events income when the house is fully functional. Richard Harrold explained that this included income from the Fort and Courthouse. We are looking at a joint venture model for larger events. Sir Michael Stevens was pleased that the comments from Audit and Risk Committee had been followed up and queried how the pricing for functions and events aligns with the other palaces. Sue Hall confirmed that pricing was specific to the local market. Zeinab Badawi commented that the functions and events offer should reflect the younger audience.





5. **Sub-committees**
- 5.1 Trustees received the minutes of the Audit and Risk Committee held on 7 December, the content of which Carole Souter had verbally reported at the previous meeting.

Trustees will receive an update on HRP's state of readiness for the General Data Protection Regulation coming into force on 25 May 2018 (via a future CEO report).

Jane Kennedy offered support with the programme and project management review.
6. **Procedural matters**
- 6.1 *Acquisition of an evening gown*

Trustees approved the proposal to acquire an evening gown that had belonged to Diana, Princess of Wales.
- 6.2 *Register of Interests, related party transactions, biographical information and hospitality received*

Trustees noted changes to the Register of Interests and the information that they are required to provide for financial year end purposes.
- 6.3 *Re-authorisation of contract with SoS*

It was noted that a submission to the Minister has been made and a response expected imminently.

The Chairman notified the Board that he had been re-appointed for a further term of three years from May.
- 6.4 *Appointment of Director of the Royal Collection*

Trustees noted that Tim Knox had been appointed as Director of the Royal Collection.
7. **The next meeting will be on 16 May 2018 at Kensington Palace.**