



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 20 July 2016**

Location: **Hampton Court Palace**

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

Apologies: None

In attendance: Except for item 14:
Michael Day - Chief Executive
John Barnes - Conservation and Learning Director
Gina George - Retail and Catering Director
Sue Hall - Finance Director
Alyson Lawton - Trust and Company Secretary

For item 5.3 only:

Liz Young - Head of Commercial Events

For item 7 only:

Kate Frame - Head of Conservation and Collections Care

Adrian Phillips - Surveyor of the Fabric

Terry Gough - Head of Gardens and Estates

1. Chairman's comments

- 1.1 The Chairman opened the meeting outlining the principal areas for discussion and noting that the Annual Review 2015/16 was now printed and ready for distribution. Copies were available at the meeting.

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, have been involved in the Kings State Apartments project at Kensington.

Holding roles in the Royal Household and Royal Collection respectively, ex-officio Trustees, Mike Stevens and Jonathan Marsden declared their interest relating to the revised Memorandum of Understanding with the Royal Household.



2. Minutes of the last meeting

2.1 The minutes for the meeting held on Monday 20 June 2016 were approved.

3. Matters Arising

3.1 The Chairman reported that he had worked through the current version of the Tower Entry Scheme phase one. He felt it remained affordable and additional changes could be made to enhance visitor flow without incurring additional costs. Lord Dannatt asked about current thinking on the larger scheme. Michael Day confirmed that this remained an aspiration but that it still had significant planning issues and it was not in the three to five year plan whereas the immediate improvements were and would inform future thinking. Bruce Carnegie Brown felt that the larger scheme could form the centerpiece of the next Campaign 3. Michael Day reminded Trustees that there were still a number of developments in the plan for the Tower, naming 4-5 Tower Green and the Tower Story.

4. Monitoring Performance

4.1 Chief Executive's written review covering both June and July

4.1.1 The Board noted the contents of the reports. Michael Day welcomed the arrival of Sue Hall as the new Finance Director. The reports contained a number of responses to requests from Trustees from previous meetings. Mike Stevens asked about the rationale of including visitor numbers within the Directors' Bonus targets - Michael Day had responded separately by email to this point.

Michael Day observed that July had been a wonderful month of activity for Historic Royal Palaces. The most important event had been Her Majesty The Queen's visit to Hillsborough Castle. He also highlighted programming highlights such as the Chapel concerts and the launch of our first massive open online course (MOOC). There had also been a Study Day on Coronations which had showcased the curatorial talent at Historic Royal Palaces, and he thanked Sir David Cannadine for chairing it. He also noted the challenges that had been faced by operational teams. He noted that they often get forgotten but that they do a formidable job.

Trustees noted the update on the Kew Pagoda and the approach to the fabrication of the dragons and asked about opportunities for apprentice involvement, perhaps from the Chinese community. John Barnes explained that in all our contracts we require the inclusion of training skills. He undertook to report back. Bruce Carnegie-Brown also asked about a proposal for a ladder of giving for the cost of dragons. This should be ready in September. Jonathan Marsden agreed that the proposal represented a pragmatic approach to the fabrication of dragons.

The Board noted that a second pre-application for the Kensington Palace Orangery Building had been submitted to the Royal Borough of Kensington and Chelsea. Jane Kennedy asked for a copy. John Barnes explained that he intended to convene a meeting of the Sub Committee to look at the scheme in more detail and understand the value engineering options.

4.2 Financial Performance

4.2.1 Financial Performance until the end of June

The Board noted the contents of the report. Sue Hall, Finance Director, highlighted the key matters. Visitor numbers have been down especially in the first two months, although they have been showing an upturn in July. Michael Day explained that the main fall in visitors at Hampton Court Palace had been in travel trade groups. Anecdotally, one reason could be that fewer bus trips are stopping en route due to



increased dwell times required for a visit to Stonehenge.

Trustees asked about the reduction of “child groups” at the Tower of London. John Barnes explained that the way in which student visits were counted had changed.

4.2.2 Quarter 1 forecast

The Board noted the contents of the report. Michael Day highlighted the key points noting that the challenge was to find reductions to bridge the forecast reduction of £3.9million in visitor related income for the full year. The report sought the views of Trustees as to whether the King’s State Apartments Project, approved by Trustees in May, should now be deferred, as recommended by the Executive, in order to ensure our main priority projects can proceed. A range of views were expressed. Whilst the financial case was understood, it was possible that deferral would be likely to be longer than a year. Trustees asked for further information on the costs of delaying the project, and what the deferral period would be. The Chairman indicated that there would be an opportunity to look at this in September in the context of future project prioritization and noting that there were elements of the project that we would do anyway. Trustees agreed to defer the project and approved the Q1 review.

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. The Chairman also commented on the launch of the digital adventure for visitors; *Lost Palace* at the Banqueting House Whitehall which would run until 4 September and encouraged Trustees to experience it.

5. Retail, Catering and Functions & Events

5.1 Retail Annual Update

The Board noted the contents of the report. Gina George, Retail & Catering Director, explained that on-site retail was a maturing business. However the team was not complacent and she was pleased to report a record week of sales at Hampton Court. Trustees were reminded of the strategy to develop off site retail including e-commerce. She reminded Trustees of the difficulties of benchmarking against other institutions who have the benefit of exhibition catalogues and their own archives for design inspiration. Liz Cleaver asked how digital was working for Retail. Gina George explained how the business was starting to benefit from Customer Relationship Management. Bruce Carnegie-Brown felt that we were underestimating the on-line opportunity. Gina agreed that this was a key opportunity explaining that the challenge was getting the right product on-line. Carole Souter asked whether local sourcing was important. Gina George explained that if possible, we source in the United Kingdom but we need to be better at promoting this. The Chairman felt that the promotion, product range and messaging in the Pop Up shop at the Flower show was an improvement.

5.2 Catering Update and Tender Outline

The Board noted the contents of the report. Gina George highlighted the key points. Subsequent to the drafting of the tender paper, an outline proposal had emerged from the current catering supplier. This was included in the paper together with the next steps. The Board gave their views and endorsed the next steps.

5.3 Commercial Events update

The Board noted the report’s contents and was pleased to hear that forward bookings remained buoyant. Liz Young, Head of Events, explained that she was now developing a long term strategy. Bruce Carnegie-Brown was pleased to note the bookings for Hillsborough and asked about the proposition for corporate membership in N. Ireland.



Liz Young explained that she would be conducting a broader review into mix and price points especially with new spaces such as the Magic Garden at Hampton Court. Mike Stevens asked whether there was any mitigation in place should the Orangery at Kensington be closed during the development work. Liz Young explained that no account as yet had been taken of this and that it would be part of the Strategy. The Chairman suggested that the agreement on the maximum number of events permitted in the State Apartments might be raised.

Louise Wilson offered to support Liz Young.

The Chairman also asked that the strategy work address whether there should be further investment into selling versus hiring equipment and how we might get more margin on the catering side. He concluded by thanking Liz Young for her paper.

6. Hillsborough Castle

- 6.1 The Board noted the report on Hillsborough Castle. John Barnes, Conservation & Learning Director, explained the changes to the business case. Capital costs were the same but there was a need for an increase in transitional funds due to the delays in the programmed date for the car park to come into use. The Board asked about the contingency; this was a requirement for the Heritage Lottery Fund Bid.

The Board noted with appreciation the input of Jane Kennedy, Carole Souter and Mike Stevens in improving the plans for the lower visitor facilities.

The Board approved the business case for the Hillsborough Castle project and gave approval for Historic Royal Palaces to submit a Round 2 application to the Heritage Lottery Fund for a total grant of £4.95 million.

7. Give the Palaces the care they deserve

- 7.1 The Board noted the contents of the annual update reports. Adrian Phillips, Kate Frame and Terry Gough outlined recent key achievements in each of their areas; buildings conservation; care of the interiors and the collections; gardens and estates.

David Cannadine congratulated them on their reports both in terms of the substance and the activities they describe. He asked them to pass on his congratulations to all members of their teams.

Jane Kennedy agreed and asked whether the skills and experience could be used to offer training. Kate Frame explained that we currently supervise PHD students as well as offering paid internships. The PhD studies in Reigate stone and in stress in tapestries contribute to our IRO status. A number of internships also exist in both the Buildings and Gardens teams.

- 7.2 The Board also noted the proposed ten year plan of conservation treatment for the collections in Historic Royal Palace's care. Jonathan Marsden noted an apparent inconsistency in the number of Royal Collection items in situ at the Palaces.

8. Trustees' Strategic Session

- 8.1 The Board noted the draft outline for the Strategic Session on 30 September at Hillsborough Castle as part of their two day visit to Hillsborough. The Chairman invited comments either at this meeting or before the end of July. The Chief Executive outlined the questions to be discussed. His intention was to produce short papers or presentations as stimulus for debate to enable the discussion to be as open as possible. The Board gave their views on further matters that might be considered.

- 8.2 The Trust & Company Secretary distributed a draft agenda for the whole two day visit to



Hillsborough to explain the logistics.

9. Remuneration Committee

9.1 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.

10. Memorandum of Understanding with the Royal Household (MoU)

10.1 The Board noted the contents of the report and approved the revised Memorandum of Understanding subject to the inclusion of two final further changes. Firstly, deletion of "it is understood" from section 1.2, requested by the Lord Chamberlain, and secondly, the Chairman identified a paragraph that is unclear (1.14) and asked for approval subject to wording being agreed between him and JM.

Jonathan Marsden noted that this was an MoU between two partners who are already working closely together and the revisions in this MoU characterised the evolution of this relationship.

11. Trustees Appointments and Committees

11.1 Trustees Appointment

The Chairman was pleased to report that Her Majesty The Queen had appointed Ajay Chowdhury to the Board with effect from 1 August as a successor to Val Gooding.

11.2 Remuneration Committee

Lord Dannatt, as Chairman of this Committee gave a verbal summary on matters discussed at the meeting held immediately prior to this Board meeting.

11.3 Trustee Committee Membership

The Board noted the contents of the report and agreed the appointments to the Committees as follows;

General Sir Nick Houghton will replace Lord Dannatt as Chairman of the Remuneration Committee from 1 August.

Zeinab Badawi to be a member of the Nominations Committee with immediate effect. General Houghton will also be an ex-officio member of this Committee.

Marcus Boyle, a Partner of Deloitte, to be co-opted as a member of the Audit and Risk Committee with immediate effect.

12. Procedural Matters

12.1 Live Interpretation

The Board noted the report and approved the extension of the contract with Past Pleasures Limited to October 2018.

12.2 Audit & Risk Committee

The Board received the minutes from the meeting held on 8 June 2016. A verbal report had been given at the last meeting.

13. Any Other Business

13.1 The Chairman noted that this was Lord Dannatt's last meeting after seven years as



Constable and ex-officio Trustee and Val Gooding's last meeting after three years as Trustee. He thanked them warmly for their significant contribution to the work of Historic Royal Palaces and the deliberations of the Board. Noting in particular Lord Dannatt's role in making the Poppies project at the Tower of London such a success in 2014.

He also noted that this was Alyson Lawton's final meeting after 15 years' service as Trust & Company Secretary and thanked her on behalf of all Trustees past and present for the wonderful service she has given to the Board and to HRP throughout this time.

14. Trustees' Private Discussion

14.1 Directors withdrew to enable Trustees to discuss matters privately.

15. Next meeting: Hillsborough Castle, Thursday 29 and Friday 30 September 2016.

