



Historic Royal Palaces is the charity that looks after:

**Tower of London
Hampton Court Palace
Banqueting House
Kensington Palace
Kew Palace
Hillsborough Castle
and Gardens**

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 25 March 2020**

Location: **Via telephone**

Attendees: Rupert Gavin (Chairman), Zeinab Badawi, Lord Houghton, Sarah Jenkins, Jane Kennedy, Tim Knox, Carole Souter, Sir Michael Stevens, Robert Swannell, Dr Jo Twist, Sue Wilkinson, Professor Michael Wood

In attendance: Nicola Andrews, John Barnes, Jane Crowther, Gina George, Rachael Gilleard, Sue Hall, Andrew Jackson, Tom O'Leary, Adrian Phillips, Dan Wolfe, Laura Hudson

Apologies: None

1. Opening business

- 1.1 The Chairman welcomed Trustees and the Executive to the meeting, explaining that, given the extraordinary circumstances resulting from the impact of Covid 19, it was being held by telephone. The Board complimented the Executive on the work that it had been doing, and that this was clearly reflected in the papers before the Board. The Chairman also thanked the Board for their support.
- 1.2 Regarding conflicts of interest, the Chairman reminded the Board that Jane Kennedy is a Senior Partner of Purcell. Purcell has been selected as the architect for the build of the Orangery Learning Centre at Kensington Palace. It was also noted that Tim Knox is partner of Todd Longstaffe-Gowan and Secretary of Todd Longstaffe-Gowan Ltd, which provides landscape design services for HRP. Todd Longstaffe-Gowan is also an Honorary Patron of HRP. Carole Souter informed the Board that she is Chair of the National Trust/University of Oxford Partnership Board.



1.3 The Board reviewed and approved the minutes of the previous meeting.

2. Monitoring performance

2.1 *Chief Executive's report*

The Board noted the reports for February and March. Jane Kennedy asked whether it will be possible to teach the MA course by distance learning. Adrian Phillips explained that the course is being run virtually at the moment and this is helped by the fact that most students are now doing their dissertation, however a key component is placements, which have stopped. It will be difficult to attract foreign students for the next academic year, but there is sufficient domestic demand to ensure that we have a full complement of students.

2.2. *Financial performance*

Year to date

As at the end of February, HRP was in a good financial position, with £46m of reserves, although around £6m will be used in March. Action was taken to reduce costs as soon as possible once the scale of the impact of Covid 19 was known, although there will be a time lag on reducing some expenditure (for example, because of contract notice periods). The year-end figures are still estimates.

Covid 19 Response

John Barnes explained that the response from HRP had generally been ahead of government guidance. The Emergency Planning Group was convened during the week of 17 February, and the Executive had been monitoring the situation for some weeks before then. The first iteration of HRP's emergency guidance was issued the week of 24 February.

The Executive had performed a 'handbrake turn' on all activity. All non-essential expenditure stopped, ways of working changed, and plans put in place for the coming months. The Executive outlined the current situation:

Palaces closed from 20 March. The gardens closed on 22 March.

All construction activity has stopped, except that which is essential for compliance and to keep the palaces safe and secure. The construction industry moved very quickly to reduce labour,



and hence all construction sites are shutting down and regimes are being put in place to monitor the mothballed sites.

All programmes are being stopped/ deferred. The blockbuster exhibition planned for Kensington Palace will move to 2022. It is hoped that the *Life Through a Royal Lens* exhibition will open later in 2020, but this is dependent on the agreement of lenders. *Gold and Glory* at Hampton Court is installed, but loan items not delivered, so this is mothballed. The current working assumption is that foreign travel will not fully pick up again until 2022, so programming will, at the moment, be geared to this. Robert Swannell noted that, prior to covid 19, there had been some very promising discussions with funders for the blockbuster exhibition. It is assumed that fundraising will be very difficult for the next six months, but there is still interest from some corporate sponsors.

The Board raised a number of questions, to which the Executive responded.

What is morale like amongst staff? Generally, staff have responded really well. The leadership team has focussed on protecting jobs, which is a priority that all staff can understand. Internal communications are frequent and detailed and have been organised into three briefings a week (business update, health and wellbeing and message from the Chief Executive). It has been important to respond quickly to staff concerns, as mood has often swung quickly between positive and negative. The Executive has been impressed by the calibre of leadership from our senior management - remote leadership is difficult to manage, and senior staff are having to learn how to communicate and lead from a distance.

What are HRP's borrowing/ funding options? We are looking at all options, which are changing rapidly. We expect to be eligible for the Job Retention Scheme and need to make the most of this. As many staff as possible will be furloughed and furlough backdated where possible. At present, we are paying full salaries and this helped to gain agreement to furlough quickly, however the Executive is continuing to monitor this. Some other benefits (e.g. HRP contribution to pensions) may be cut. We are seeking further guidance on what activities (such a self-development, virtual get togethers) can be done during furlough to keep staff engaged. The Trade Unions have supported our approach so far.

What resource remains? Some functions need to be maintained for safety and security of the sites and the people remaining on them, for example there will continue to be a security presence



and increased foot patrols. TSS (cleaning contractor) is furloughing most staff, but some will be retained to clean essential areas. We are working closely with both catering suppliers, who have laid off/ furloughed staff.

All staff who use public transport have been removed from the rosters. The Executive Board is monitoring staffing regularly.

What position is HRP going to be recovering to? There will be a need to re-baseline expectations for the longer term; the impact of Brexit, covid 19 and economic changes will all impact recovery. The future operating model needs to be viable. John Barnes agreed that HRP's future cost base will need to reflect its likely income and therefore will probably need to be a leaner, more focused organisation. Savings plan and changes in ways of working will help with this. When / whether there will be a recovery of worldwide tourism is unknown. The Board also acknowledged that it will be necessary to move beyond crisis planning once the immediate actions are complete, towards revival. This is required for the timely recovery of the organisation and also to demonstrate future plans when asking for Treasury support. Dan Wolfe explained that the team is trying to exploit the digital channels available to us to share the stories of the palaces while they are closed.

Covid 19 response - financial modelling

Sue Hall explained that financial models – currently updated daily – had been produced showing a 'best case' (three month closure) and 'worst case' (closure for the rest of the financial year) scenarios. Job retention income had not yet been included. If it were, and with a three-month closure, it is possible that HRP could remain viable until the new year, but we don't yet know how long the scheme will last. All modelling assumes that reserves are used from now on. The approximate monthly running cost has been reduced to c. £5-6m, from £9.25m per month. If these assumptions change for the worse, the picture will be very different.

The Chairman explained that from his conversations DCMS it was clear that any case for special support would have to be made to the Treasury, and no outcome could be guaranteed, but that if HRP was headed to a point of failure then we should anticipate that the case for government support, to ensure continuity of the organisation, would be strong and would be likely to be forthcoming.



Trustees noted that, whilst the predictions are not good, HRP is a charity that has proven that it can generate significant sums of money to meet its charitable objectives and is relieving the public purse from maintaining these buildings that are a fundamental part of our heritage.

Are Trustees' meetings frequent enough to reflect the decision making needed? Meetings will be held once a month for the foreseeable future. John Barnes will issue a communication to Trustees every two weeks. The Board agreed that a sub-group will meet on an as-needs basis. The group will comprise the Chairman, the Deputy Chairman, the Constable, Carole Souter, Robert Swannell and Jo Twist. The Chief Executive and Finance Director will attend, with others as necessary. The Head of Governance will act as Secretariat.

3. Strategy Session

- 3.1 The Board agreed that it will need a strategy session, but that the content is likely to change from that proposed, to reflect the significantly-altered circumstances.

4. MA Programme

- 4.1 The Board noted the report on the progress of the MA in Heritage Management, and that future course material is likely to reflect the learnings from this period

5. Research Activities

- 5.1 The Board noted the Annual Research Report. It is believed that funding will continue during this time, as research can be done remotely. Trustees commented that there was a huge opportunity to disseminate HRP's research through new media.

6. HRP Inc

- 6.1 Dan Wolfe explained that the paper proposed changes that will strengthen the governance arrangements between HRP and HRP Inc. The Board approved the proposals.

7. Investment Committee

- 7.1 The Board received and noted the minutes of the Investment Committee held on 27 February. The Committee had made the



decision not to reinvest term deposits falling due, so as to maximise cash instantly available, as a prudent measure in case the Covid 19 issue became exacerbated.

8. Safeguarding Update

8.1 The Board received and noted the Safeguarding update, which set out the improvements to safeguarding processes at HRP during 2019 and the safeguarding incidents and how they were dealt with. Sue Wilkinson, Safeguarding Trustee, commented that she was happy with the report.

9. Code of Practice

9.1 The Board approved the new Code of Practice, updated to reflect the *Code of Conduct for Board Members of Public Bodies*, and also approved the new Matters Reserved for the Board of Trustees, altered to reflect the changes to governance of project overruns and changes to the gift acceptance, sponsorship and naming rights policies, previously agreed by the Board.

10. HRPE AGM

10.1 The Board approved the appointment of John Barnes to represent HRP's interests at the AGM of HRP Enterprises Ltd, which will be held on 3 June 2020.

11. HRP Pension Scheme

11.1 The Board approved the appointment of Jane Crowther as an employer Trustee of the HRP Pension Scheme.

12. Year-end declarations

12.1 The Board noted the requirements for returning year-end declarations.

13. Any other business

13.1 The Constable requested that the Royal Armouries be kept up to date with HRP's activities. Andrew Jackson has been liaising with them.

Sarah Jenkins and Michael Wood noted that it was important to start recovery and revival planning, and in the meantime



continue to share HRP's stories with the nation. Once the immediate problems are resolved, the Executive will turn its attention to this.

Sir Michael Stevens asked about the timing of the audit and NAO reporting. Sue Hall will discuss this with him out of committee.

After the meeting, the Board, except the Chairman, continued on the telephone line for a private discussion.

