Historic Royal PALACES

Historic Royal Palaces is the independent charity that looks after the Tower of London, Hampton Court Palace, the Banqueting House, Kensington Palace and 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 receive no funding from the Government or the Crown, so we depend on the support of our visitors, members, donors, volunteers and sponsors.

MEETING OF THE BOARD OF TRUSTEES

The Tower of London, Wednesday 23rd March 2011

Minutes

Present:

Charles Mackay (Chairman)
Sir Alan Reid (Deputy Chairman)
Sophie Andreae
Dawn Austwick (until item 6.2)
Ian Barlow
Lord Dannatt
Sue Farr
John Hamer
Sir Trevor McDonald
Jonathan Marsden
Sir Adrian Montague (until item 6.2)
Malcolm Reading

In Attendance:

Michael Day - Chief Executive
John Barnes - Conservation and Learning Director
Tania Fitzgerald – Finance Director
Gina George- Retail Director
Rod Giddins – Palaces Group Director
Richard Harrold – Acting Governor of the Tower of London
Danny Homan – Communications and Development Director
Graham Josephs – Human Resources Director
Alyson Lawton - Trust and Company Secretary

1. Chairman's comments

1.1 The Chairman was pleased to note attendance of all Board Members at this meeting.

2. Minutes from previous meetings

2.1 The minutes of the meeting held on Wednesday, 26th January 2011 were approved.

3. Matters arising from previous meetings

3.1 The Chief Executive will report at the May meeting on redefining the role of the Constable and the Lieutenant of the Tower of London for the modern era.

Plans for increasing domestic audiences are being developed and are likely to be in two stages; the first stage will define our ambition over 10 years and following a review of the market, second stage will address how we might achieve it.

In November, the Board had suggested further work to sustain and enhance our reputation. A public affairs strategy will be discussed in May which will provide the context for any further work.

The Constable noted that the forthcoming launch of the Chapels' appeal at the Tower of London. The appeal would fit with Historic Royal Palaces' own development plans. Historic Royal Palaces would be providing the interpretation of the Chapel of St John as their contribution.

It had been agreed that a joint Trustees and Executive Board meeting would consider the implications of long term market trends on Historic Royal Palaces. This would form part of the strategic planning discussions in September.

4. Strategic Development

4.1 The Annual Operating Plan 2011-12 and the three year strategic plan 2011-14

4.1.1 The Board discussed the Annual Operating Plan. The Chief Executive talked about the economic context, and programming our vision for the next decade, restating the headlines for this plan agreed at the January meeting. The Five major strategic aims were then discussed.

4.1.2 *Give the Palaces the care they deserve*

The Board noted the plans for the top 10 projects in building conservation, collections care and gardens and the overall investment in each area. The Conservation and Learning Director confirmed these were broadly on or ahead of programme. There was one major change to the programme. The Flint Tower had replaced the Bowyer Tower at the Tower of London. This was a project enabled partly by money from admissions donations and will enable visitors to walk the wall and open up two new exhibition spaces. Opening of all Wall walks would be considered as part of the plans beyond 2020. He also noted that in addition to the work in the plan, the team had been conserving six royal wedding dresses for use at the time of the Royal Wedding in April.

The Board asked about the renewal of the Ultra Violet film at Kensington. The current film made the rooms feel gloomy. The newer film does not reduce the amount of light. The choice of colour of the window blinds both internally but also when viewed from outside was equally important. The current colour of stone could give the impression to potential visitors that the palace was closed. New blinds would be in a different colour.

Over the years, there has also been an increase in gardens conservation projects, supplemented by the new scheme at Kensington.

It was planned to identify new projects to fall into the "top" 10 following the buildings state of the estate survey in 2012/3.

4.1.3 *Transform the way that visitors explore their story*

The Chief Executive felt that it was fair to describe the significant work past and present as "transforming" the experience of visiting the palaces. As this was incremental, it is not always clear that this was a "transformation". The Board discussed the Tower of London as an example discussing the work of the past ten years, noting it is not just about the bricks and mortar but also about the service improvements. Trustees suggested that the list of the elements should be brought together for easy reference.

The total cost of projects had been included in the plan, with the major ones shown individually. Ian Barlow asked whether in future plans, costs of each project might be shown.

The Board noted the current balance required from external funders to complete *Kensington; a Palace for Everyone*. Ian Barlow noted the key role that the Chairman played in achieving high value donations. He felt there was also an opportunity to ramp up the public campaign.

Sue Farr asked how we planned to achieve maximum impact for the openings in 2012. The Communications and Development Director was already preparing the plan. He explained ,in outline, the opening of Kensington. The Board felt that given the range of extraordinary projects happening across all sites, this was not just about individual palaces but was an opportunity for building the reputation of Historic Royal Palaces as an organisation.

The Board noted the value of service improvements through front line staff especially at Kensington and their impact on the visitors. More were planned. The Acting Governor of the Tower explained plans for the "*Secret Places at the Tower*". The Palaces Director explained how back of house areas at Hampton Court were offered as part of Open House Weekend. The Retail Director talked about the opportunity for selling "experiences" through the website.

4.1.4 *Have wider impact in the world*

Noting the importance of members, Ian Barlow suggested a "member only" area of the website, which might be especially interesting to members who were not able to visit our palaces regularly.

Historic Royal Palaces has a number of existing apprenticeship schemes which have developed through different initiatives. The Human Resources Director would be collating information about the current programmes and other shorter term work placements and looking for opportunities for expansion.

4.1.5 *Build one organisation united behind our Cause.*

The Human Resources Director explained that the strategy was a continuation of plans and the key change priorities were those agreed in the annual report discussed by Trustees in November. Reasons for headcount increases were examined.

4.1.6 *Generate the money to make it all possible*

The Chairman noted that the target to achieve an average of 3.2 million visitors regularly by 2017 was unchanged. He proposed that it should be reconsidered once the domestic audience strategy is agreed. The Chief Executive reminded the Board that the philosophy was to set a visitor target that we could reasonably beat but which also controlled expenditure. It was not seen as a limiting factor in our ambition for more visitors.

The Retail Director explained how the retail annual operating plan was now slightly different from the retail strategy approved by Trustees in May 2009. The Board also asked about the functions and events assumptions, in particular about the ice rinks and the impact of the current economic climate. They noted the assumptions on development income and the remaining balance to complete the current £20 million campaign.

The catering contract tender was in progress. Food offer, service and innovation were important criteria in the new contract. The Chairman suggested that one of the objectives for the new catering manager should be how to get more of our visitors to use the catering offer on site.

The Board noted the overall cycle of net surplus and deficits and that designations would be used to achieve our future ambitions. In some years, surpluses would need to be designated to pay for the future projects rather than spent in year. This cycle would inform the messages for our future campaigns.

4.1.7 After 2012 – planning towards 2020

The Chief Executive explained that plans to 2014 are now clear. Thereafter there is big ambition and there is still work to do to refine this.

4.1.8 The Chairman concluded that this had been a strong year and that the charity was in good health and thanked the Chief Executive and his staff for their work during the year and on the plan.

The Board discussed pricing opportunities in the longer term. The Chief Executive noted our current policy on family pricing and aspirations. For instance, after re-opening, child entry will free at Kensington Palace.

The Board approved the Annual Operating plan for 2011-12 and the three year Strategic Plan.

4.2 The Governance of Conservation

4.2.1 The Board noted the contents of the report. The Conservation and Learning Director distributed an enhanced schedule on the next steps.

4.2.2 Progress in our ten year plan. An appendix to the report gave the proposed performance dashboard. Noting that actual spend was below budget spend, Ian Barlow asked why we did not plan to overspend. The Director explained that we did this but a combination of project deferrals, planning permissions, and a number of projects under spending meant that we fell short of the target. The Board agreed that it was reasonable to plan to overspend. The Director felt that accuracy would be improved by bringing more realism to rates of progress and time taken to obtain planning permission and he would look at this with the team.

4.2.3 Redesigning the state of the estate survey for 2012-13. The Board heard that the last state of the estate survey had been produced with different objectives. Malcolm Reading noted that it was never intended as a tool to help plan projects. As part of designing the next survey, The Board would be consulted. The Board discussed the notion of "target condition". Defining this would be important to get a sense of the impact that the investment in conservation projects had on the state of the palaces. This would give Trustees a better sense of whether we were making progress.

The top 10 projects in each of building conservation, interiors and gardens had been an indicator of progress. The Chairman suggested that we should keep this but work on defining "target condition" for the next state of estate survey and then start measuring against it. "Target condition" could be difficult to define for historic buildings as condition evolves. This should not become a bureaucratic exercise and would be partly subjective. The priority was to produce something that was useful for the teams but it should also allow Trustees to confirm that we are fulfilling our charitable objective of conserving the buildings.

The Board debated whether it was satisfactory to wait for the next survey in two years and whether they had enough information in the meantime for them to be content with progress. A range of views were expressed. The Conservation and Learning Director recognised this difficulty. The original test was to spend £40 million over 10 years. It was envisaged that at the end of this period, all key condition issues on all the Palaces would have been dealt with. Subject to any significant emerging structural issues, he felt that this would have been achieved.

The Chairman summarised the discussion. This was one of our most important charitable objectives and currently we assess it by reviewing progress on a list of top 10 projects in buildings, conservation and gardens and the current state of the estate survey. Instinctively, we know we must be moving forward but have no way of knowing by how much. The concept of "target condition" has now emerged which would in the future help with the assessment of progress. The Board noted that this would be included in the next State of Estate Survey in 2013.

4.2.4 Assessment of our current performance and lessons from the partnership governance report

An independent review had been commissioned to assess our performance. This covered *priority; progress; quality* and *value*. The general view of the audit was that we had a lot in place on all these areas, except to assess value.

Developing "Target condition" in the State of Estate survey will help us establish *priority* and measure *progress.* In the meantime, the performance dashboard will be used as part of the next review of this Strategic aim in July. To evaluate *quality* a maturity matrix will be developed in consultation with Trustees and Directors and for *value,* key performance indicators (KPIs) will be reported. The KPIs will be those agreed by Trustees last September. The maturity matrix, the KPIs and the dashboard will be reported at the July meeting. The Board agreed to the next steps proposed in the report.

Sir Adrian Montague suggested that palaces maps showing condition/projects to be done should indicate sense of urgency by a heat map.

4.3 Report on Stakeholders/Partnerships

4.3.1 The Board noted the contents of the report and suggested a further two additions to the list of organisations. The Board agreed to advise the Trust and Company Secretary of their contacts in the organisations listed and agreed that the report should be reviewed on an annual basis.

5 Projects and Expenditure

5.1 The Great Hall Court, Hampton Court Palace, Phase Two, Investment Decision

5.1.1 The Board noted the contents of the report and authorised the investment decision for the second phase of the conservation works to the Great Hall Court at a cost of £1,007,000 including VAT.

5.2 The Flint Tower, The Tower of London, Investment Decision

5.2.1 The Board noted the contents of the report and approved the investment decision for the conservation and repair of the Flint Tower and adjacent Inner Curtain Wall up to the Bowyer Tower within a budget of £1,045,000 including VAT.

5.3 The Royal Kitchens at Kew

5.3.1 The Board noted the contents of the report. The key issue was the transfer of the management responsibility for the building and surrounding garden from the Royal Botanic Gardens at Kew to Historic Royal Palaces to enable work to commence. The Chairman and the Palaces Group Director reported on recent progress. The project now included an additional element of structural work. Malcolm Reading reassured the Board on the value of the investment The Board authorised the investment decision for the conservation and interpretation of the Kew Royal Kitchens at a cost of £1,456,000 including VAT.

5.4 The Crown Jewels Project, The Tower of London

5.4.1 The Board noted the contents of the report. The Board discussed the revised budget. The Acting Governor reported there was a risk of reduced commercial income from events during the building phase which was currently being evaluated.

Rebecca Richards, Interpretation Manager then gave a presentation on the design concept. Trustees agreed that interesting ideas had been developed, gave

their views and thanked Rebecca for her presentation. Simple messages, typography and language were especially important since a large proportion of visitors were from overseas. The Director of the Royal Collection who was part of the project team had already agreed to look at language. The Chairman felt that the reasons why the Jewels were at the Tower of London should be given more emphasis. Formal financial authority will be sought in September.

6. Monitoring Performance

6.1 The Chief Executive's Reports for February 2011 and March 2011

6.1.1 The Board noted the contents of the Chief Executive's Reports. The Chief Executive was pleased to report the announcement that the Olympic Cycling Time Trials would commence and end at Hampton Court Palace. He gave a report on progress on the recruitment of the Palaces Group and the Tower Group Directors.

6.2 Financial Performance and Designation of Reserves

6.2.1 The Board noted the contents of the Finance Director's report. The net surplus was now better than quarter 3 forecast. This will result in an increase in funds that can be designated, although part of this is derived from lower than anticipated expenditure on projects which will therefore also result in an increased carryover to 2011/12.

The Board approved a year end carryover spend, the designation of funds as listed in the report; that there should be no change to the purpose of the designated funds brought forward from year end 2009/10 and that balances on these funds should be carried forward for use in 2011/12 and beyond. The Board also agreed that any further surplus funds will be designated for the Baroque Palace project unless they have arisen from admissions donations in which case they will be added to the relevant fund.

6.3 Report on Education and Outreach & Community Involvement activities 2009/10 and 2010/11 to date.

6.3.1 The Board noted the contents of the Annual Review. The Conservation and Learning Director explained that as the report itself was long, his summary paper drew out the key issues. The Board gave their views. The report on Education lacked measures of success against the five objectives. The Outreach and Community Involvement report was not positioned within a strategy and therefore lacked coherence to objectives and to targets. It was therefore difficult to see what we were trying to achieve. The Chief Executive acknowledged that the Executive Board had agreed and already asked for a strategy to be developed. Ian Barlow noting the current wide range of activities, felt it was important in the new strategy to decide the area in which we wanted to operate.

The Conservation and Learning Director advised the Board that there was some indication of a decline in school visits in the sector. With changes in the structure of schools and major changes in the curriculum, we needed to start thinking about the implications for Historic Royal Palaces.

7 Organisation and Governance

7.1 The Audit Committee

7.1.1 The Board noted the minutes of the Committee. In the absence of the Chairman of the Audit Committee, Dawn Austwick, The Chairman, an observer at the Audit Committee, commented that it had been a good meeting. The Surveyor of the Fabric had been invited to talk about managing risk in his area of the

organisation. Others would be invited to future meetings.

7.2 Trustee Appointment

7.2.1 The Board noted the progress report on the appointment of a Trustee to replace John Hamer when he steps down in May.

7.3 There were no reported changes to the register of interests

8. Any Other Business

8.1 The Chairman planned to conduct one to one interviews with Board members to review Board Effectiveness. He expected to report back to the Board on his findings at the June meeting.

8.2 The Chairman noted that Rod Giddins, Palaces Group Director would be retiring in early April. On behalf of the Board, the Chairman expressed their appreciation for his significant contribution over the last eight years.

9. Next meeting: Trustees' next Board Meeting will be on Wednesday, 25th May 2011 at Kew