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.

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MEETING OF THE BOARD OF TRUSTEES

The Tower of London, Wednesday 28th November 2012

Minutes

Present:

Charles Mackay (Chairman)
Sir Alan Reid (Deputy Chairman)
Sophie Andreae
Dawn Austwick
Ian Barlow (until item 6)
Lord Dannatt
Liz Cleaver
Sue Farr
Malcolm Reading
Jonathan Marsden
Sir Trevor McDonald
Sir Adrian Montague (Item 4.1 to 4.2 and item 7.3 only)

Apologies:

In Attendance:

Michael Day - Chief Executive
John Barnes - Conservation and Learning Director
Tania Fitzgerald – Finance Director
Graham Josephs – Human Resources Director
Richard Harrold – Tower Group Director
Alyson Lawton - Trust and Company Secretary

1. Chairman's comments

1.1 The Chairman noted the full attendance at this meeting.

2. Minutes from previous meetings

2.1 The minutes held on Thursday 27th September 2012 were approved.

3. Matters arising from previous meetings

3.1 The Chairman and Chief Executive gave an update on a range of actions from previous meetings. Tenders for The Tower of London Waterloo Block Chillers had been significantly in excess of 10% over the provisional budget approved by the Board at the last meeting. The Chief Executive had not been satisfied by the responses from the team and had asked them to review the assumptions behind the project.

4. Strategic Development

4.1 Strategic Planning 2013-2016

4.1.1 Trustees Strategic Planning Session held on 3rd October 2012

4.1.1.1 The Board noted the contents of the paper and confirmed this as a record of their discussions.

4.1.2 Framework conclusions from the Executive Board's Strategic Review Session

4.1.2.1 The Board noted the contents of the Chief Executive's Report. He explained how the impact of the three strategic initiatives; learning, digital and domestic audiences would be joined up and use a common approach to audience segmentation, with the aim of achieving wide impact across HRP. This would be carried forward in 2013 with a process currently being developed. The Board

welcomed the new approach to audience segmentation that would underpin the work to broaden audiences. The Chairman summarized the discussion noting the enthusiasm of the team and the support of the Board for these important areas of work.

The Board then discussed the 2020 Statement of Intent which had been developed last year and the first year of progress towards achieving it. The Board commented on the language used, the extent of stretch and ambition. Ian Barlow suggested strengthening the link between the Statement and HRP's five strategic aims by cross-referencing. Progress was better advanced in some strategic areas such as conservation than others such as a wider awareness of Historic Royal Palaces. The Chief Executive reminded Trustees that this paper was only intended to set out the framework for the Strategic Plan and further detail would be in the final plan for approval at the March meeting.

4.2 Strategic Aim; Build one organization behind our Cause

4.2.1 Annual Update

4.2.1.1 The Board noted the contents of the HR Director's report indicating that the organisation continued to be in good shape. He was pleased to report that strong appointments in leadership roles had had a positive impact on performance. The Board then discussed the report section by section.

The Board:

- Discussed the opportunities for high potential individuals to gain exposure of other ways of working. Graham Josephs noted that this was not just to be found by external training with peers but also by involvement in projects, which provided challenge and stretch.
- Noted the high level of performance and productivity and that overtime was being reviewed following an internal audit to ensure we have the smartest ways of working.
- Debated the performance rating system and whether there were any gains by making more distinctiveness within the rating system to drive the achievement of objectives. The Chief Executive and HR director felt that there was no lack of motivation from staff. The Board also discussed whether it was necessary to have systems to judge the overall performance of an area of the organisation.
- Noted that although progress was being made on ethnic diversity, by any measure we needed to do better, notwithstanding the low staff turnover. Management is focused on this in particular developing a route in through paid internships.
- Appreciated the contribution made by volunteers and noted how we recognise this.
- Confirmed the people management priorities for next year.

Ian Barlow asked whether performance should be evaluated against targets in addition to comparison against last year. This is not appropriate for all areas but where it would be helpful; management would look at this.

The Chairman thanked Graham Josephs for his clear and comprehensive report and congratulated him and his team on another year of strong progress.

4.3 New Opportunities

4.3.1 The Board noted the contents of the Chief Executive's Report and gave their views, agreed to the recommendation and looked forward to hearing about progress.

5. Projects and Expenditure

5.1 Report on the security incident at the Tower of London 6th November 2012

5.1.1 The Board noted and discussed the contents of the Tower Group Director's report. The Chairman of the Audit Committee reported that security matters had also been debated at the recent Audit Committee. The Board gave their views on security issues in a wider context and on security training. The Chief Executive advised the Board of an additional review being undertaken to give reassurance that out of hours procedures were being followed.

5.2 Kensington Palace; Exhibition of Modern Royal Dress

5.2.1 The Board noted the contents of the Conservation and Learning Director's report. The majority of the cost would be in reusable display cases. In addition there was also a project to upgrade the gallery. Malcolm Reading suggested that it might have been be helpful to see a table that set out all the related budgets. The Board asked how this paper sat with the process to consult selected Trustees on interpretation content agreed at the July meeting. John Barnes explained that in this case, consultation had been with the Keeper of the Privy Purse and the Director of the Royal Collection rather than a sub group due to the specific sensitivity of the subject area and the need to receive an early decision. The Board authorised the investment decision for the proposed exhibition at Kensington as outlined in the paper.

5.3 Kew Royal Kitchens Phase 2 project

5.3.1 The Board noted the contents of the report. The Board agreed the investment decision for work to the Kew Royal Kitchens Phase 2 project.

6. Monitoring Performance

6.1 The Chief Executive's Reports for October and November

6.1.1 The Board noted the contents of the Chief Executive's Reports. Michael Day drew attention to key matters including:

- The good key performance indicators from the Summer Visitor Survey
- The inclement weather policy. Sue Farr asked about flood risk. Recent heavy downpours have resulted in an increased challenge of getting rid of water at roof level, although in the longer term, there will be flood issues relating to proximity to the Thames to consider
- Confirmation of the position discussed and agreed by Trustees of the final account settlement with Mansell relating to the Kensington Palace main contract.
- Plans for Christmas at Kensington Palace.
- The range of learning activities organised by the Access and Learning Department and the invitation for Trustees to attend any event they wished.

6.2 Financial performance to the end of October and the Mid year forecast.

6.2.1 The Board noted the contents of the Finance Director's reports. The good performance continues with strong visitor numbers and performance in retail, although functions and events is performing less well, due in part, to an over optimistic target set in anticipation of the impact of the Olympics and the Jubilee. There would also be some re-phasing of projects into next year.

The Finance Director then explained headlines from the mid-year forecast. It was expected that due to the strong performance, the income contingency could be released in full, and there would be funds available to designate for future projects. She also explained the summary of the additional expenditure bids.

Sue Farr asked about the functions and events performance. An organisation wide review was being conducted by the new Head of the Banqueting House.

The Board approved the improved forecast result and the additional expenditure bids.

7. Organisation and Governance

7.1 Trustee Appointments

7.1.1 The Chairman gave a verbal update on progress.

7.2 The Audit Committee 14th November 2012

7.2.1 The Board noted the minutes of the meeting. The Audit Committee had developed a list of questions for the Conservation and Learning Director to consider in the review of the Kensington Project. The Committee had also received a presentation on Major Incident Planning. The Chair of the Audit Committee, Dawn Austwick, had suggested that Internal Audit consider a review of the Strategic Planning Process for their plan next year. There would be a closed session at the next meeting for the committee to evaluate their own effectiveness.

7.3 The Investment Committee 27th November 2012

7.3.1 The Chair of the Investment Committee, Sir Adrian Montague, gave a verbal report of the meeting. The Committee had considered three areas; the Investment Strategy; the current main banking provider and the investment strategy of the pension fund. Historic Royal Palaces currently adopts a conservative investment strategy with a high quality list of banks. The Committee agreed to add a further bank to the list and to extend the potential period of deposit to 18 months. The Committee also discussed the provision of main banking services and agreed that as reputation was an important factor, the Chairman should write to the Chairman of Barclays to understand what actions Barclays were taking to address their issues. The Committee would not be suggesting any change to the Investment Strategy of the Pension Fund to the Pension Trustees at this point. The Board debated and agreed the approach to the main banking provider.

7.4 The Remuneration Committee 28th November 2012

7.4.1 The Chair of the Remuneration Committee, Lord Dannatt, gave a verbal update on the meeting which had covered succession planning for Directors and senior management and the generic elements that make up a total reward package. He would arrange to circulate the succession plan for directors and the diagrammatic representation of reward package.

7.5 The Register of Interests

7.5.1 The Board noted the register of interests and agreed to advise the Trust and Company Secretary of any further changes.

8. Any Other Business

8.1 The Trust and Company Secretary will look into providing the papers electronically for those Trustees wishing to receive papers this way.

9. Next Trustees meeting: Thursday 24th January 2013 at Hampton Court Palace