

MEETING OF THE BOARD OF TRUSTEES

Hampton Court Palace, Thursday 24th January 2013

Minutes

Present: Charles Mackay (Chairman)
Sir Alan Reid (Deputy Chairman) (until item 5.2)
Sophie Andreae
Dawn Austwick
Ian Barlow
Liz Cleaver
Malcolm Reading
Sir Trevor McDonald
Sir Adrian Montague

Apologies: Lord Dannatt
Sue Farr
Jonathan Marsden

In Attendance: Michael Day - Chief Executive
John Barnes - Conservation and Learning Director
Tania Fitzgerald - Finance Director
Danny Homan - Communications and Development Director
Alyson Lawton - Trust and Company Secretary
For items 4.2 only:
Elizabeth McKay - Chief Learning and Engagement Officer
Kate Branson - Senior Marketing Manager
Tracey Tynan - Head of Media and Public Relations



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.

1. Chairman's comments

1.1 The Chairman noted the apologies for this meeting. He was pleased to report that the Secretary of State at the Department for Culture, Media and Sport had appointed Dawn Austwick for a third and final three year term with effect from 1st April 2013 and congratulated Jonathan Marsden on the award of Commander of the Royal Victorian Order in HM The Queen's New Year Honours list.

2. Minutes from previous meetings

2.1 The minutes of the meeting held on Wednesday 28th November were approved with a minor change.

3. Matters arising from previous meetings

3.1 There were no matters arising.

4. Strategic Development

4.1 Strategic Planning 2013-2016

4.1.1 The Financial Assumptions of the Annual Operating Plan 2013-2014 as part of the revised strategic plan

4.1.1.1 The Board noted the contents of the Finance Director's report. The Board debated the influence of the Euro exchange rate on the number of European Visitors in London and also its impact on the domestic market. The Communications and Development Director noted that all visitor segments were looking for value. Noting these factors, the Board approved the assumption for visitors for 2013/14, concluding that there was more downside than upside risk.

The Chairman proposed that next year, the conservation budget assumptions should be based on expenditure excluding the carry overs and also asked for a full analysis of conservation spend across all budgets including within projects to enable Trustees to review whether the charitable ambition to spend more on conservation was being met. The Conservation and Learning Director advised that there was an assumption of about £3 million of conservation work in addition to the buildings conservation programme proposed within the major project list. Next year, the updated State of the Estate survey would enable the impact of expenditure on the condition of the palaces to become the key indicator for Trustees.

The Chief Executive advised that the Finance Director and he would be updating the current contingency plan with the latest data and would include it in the Strategic Plan for 2013-16.

The Conservation and Learning Director informed the Board of a potential acquisition to the dress collection. He would be developing a strategy with the Director of the Royal Collection and the Chairman and come back to the Board with a proposal.

The Board agreed the assumptions as a basis for the financial forecasts in the Strategic Plan for 2013-16 to be brought for full approval in March.

4.2 Strategic Aim: Have Wider Impact in the World

4.2.1 The Learning and Engagement Strategy – Direction of Travel

4.2.1.1 The Board noted the contents of the report and welcomed the broader approach, building on the good work to date but more ambitious in scale and making learning at the heart of everything we do. Elizabeth McKay, Chief Learning and Engagement Officer, showed a short film made by the team which illustrated the direction of travel. In May, Trustees would see a fuller plan for 2013/14 and future years. The Conservation and Learning Director thanked Liz Cleaver, Ian Barlow and Sir Trevor McDonald for their input.

Dawn Austwick asked about the integration of this work and the core visitor experience. Elizabeth McKay explained that previously this activity had been seen as a bolt-on, it was now intended that the work would be fully integrated. As an example of this, the team were fully involved in the creative work for the forthcoming Georges crescendo.

The Board noted how audience focus and audience segmentation (next agenda item) would inform the work. Sir Trevor welcomed the direction of travel especially that outreach would now be fully integrated, seeing good sponsorship opportunities for some of the planned programmes. Ian Barlow too noted that the proposal begins to address the change Trustees were looking for especially with audiences not able to visit the palaces.

Elizabeth McKay explained that there were three fundamental elements to the new approach;

- Audience focus
- Having a much wider view about what Learning and Engagement content is
- Working across all organisational departments to develop it.

Dawn Austwick asked about the balance between accessibility and depth of content, given the different levels of existing knowledge within audiences. This would be addressed in the number and nature of activities. Our Digital work also had a role to play to provide depth of content. The Chairman asked the team to consider the balance for their May report. Noting the boldness of the new approach, Sir Trevor asked about resource. The Chief Executive explained that this would be considered in parallel with developing the strategy. He also reported in his absence that the Director of the Royal Collection, Jonathan

Marsden was supportive, and had suggested that the Royal Collection should be one of the partners.

The Chairman summarised Trustees discussions noting support for the transformational approach and looked forward to further details in May.

4.2.2 Domestic Market Strategy; Progress Report

The Board noted the contents of the report. The Communications and Development Director explained plans for the revised audience segmentation specific to culture and heritage preferences rather than broader choices. This will enable us to understand our audiences and inform the learning and engagement, digital and domestic market strategies. Liz Cleaver observed that part of the challenge would be to apply simple language to the segments so that everyone understood them. Michael Day explained that this would be addressed in the “Audiences First” workshops. Sir Adrian Montague felt that this deeper understanding of the audience was a first step to be followed by targeted proposals and then by appropriate pricing policies, not forgetting premium offers. Tania Fitzgerald also updated Trustees on the Digital Strategy work.

The Board then discussed the conclusions on the size of the potential domestic market and noted that the effective markets were considerably smaller than the total market. The challenge was to encourage Londoners to visit more often and one of the responses to this would be to encourage more visits through programming.

The Communications and Development Director felt that it should be possible, through segmentation and our programming aspirations, for example for the Tower of London to be spoken about by Londoners in a more contemporary way. The Board observed that the entrance to the Tower was in need of further improvement and noted that a creative process that would soon be underway would look at this as one of the issues.

The Chairman, on behalf of the Board, thanked the team for their work, noting that it was more challenging than first understood and looked forward to September, when Trustees would consider the overall strategy.

4.2.3 Corporate Communications - Progress Update

The Board noted the contents of the report. 2012 had been a busy year with images of our palaces being seen worldwide as part of the London Olympics and HM The Queen’s Diamond Jubilee. The Board gave their views on the key messages about Historic Royal Palaces to be at the heart of future engagement with stakeholders, noting that the plan was to refine these in the coming year.

They also discussed the challenge of engaging political stakeholders and made some suggestions. Noting the long list of contacts, they suggested that the work this year should identify the top ten relationships and a detailed engagement strategy should be developed for each of them.

The research to be conducted this year would also set the benchmark for performance measurement. Equally important, our regular visitor research surveys also include questions to check visitor understanding of who we are.

4.2.4 Annual Update on Partnerships and the Relationship Management System

The Board noted the contents of the report which indicated good and improving partnership relationships with few areas of concern. Trustees noted the complex nature of some of these relationships and John Barnes gave further details of the nature of discussions on standing clearances with English Heritage.

5. Projects and Expenditure

5.1 The Review of Major Projects completed in 2012

5.1.1 The Board noted the conclusions of the review and gave their views for future working. The Conservation and Learning Director explained that it had been useful to have an external view as part of the process as well as Malcolm Reading and Dawn Austwick's involvement. Malcolm Reading considered that this comprehensive review would benefit from being updated biennially given the ever changing operating environment. There was also a clear issue about contracts and the nature of contractual arrangements. Dawn Austwick considered that the report was guidance about a state of mind; being intelligent and nimble. A major conclusion was to spend more time upfront on planning as all projects were so different. Michael Day agreed that the conclusions should not act as a checklist but inform future processes and attitudes. Ian Barlow asked about project management experience within Historic Royal Palaces and how all the recommendations would be co-ordinated. John Barnes explained the revised project governance arrangements and the new bespoke training programme. Historic Royal Palaces has a range of project managers with different professional backgrounds who will go through the training.

Sir Adrian Montague asked whether the organisation was tough enough in its dealings with consultants, contractors and with its own project teams. With the approach outlined for projects, he felt that a stronger challenge function was needed. Dawn Austwick suggested role titles such as "Project Director" might be more helpful in signalling accountability for this.

John Barnes agreed that these were areas for improvement. Some long established relationships with contractors and suppliers needed to be reset. He explained that challenge was one of the functions of the Programme Boards. Ian Barlow suggested that there may be an opportunity to co-opt a senior skilled volunteer onto the boards in the same way as on the Audit Committee. John Barnes agreed to look at all these points.

He explained that the management team would now identify how the recommendations would be implemented within projects and monitor progress through the new Programme Boards and the Executive Board. An internal audit would also be carried out into progress towards the end of 2013/14.

5.2 Final Report on Kensington Main Contract with Mansell

5.2.1 The Board noted the conclusions of the final report and provided further insights about the lessons learnt. Notwithstanding that working in old buildings will inevitably bring some unexpected issues, the performance of some of the contractors had not been of a high standard. Dawn Austwick confirmed on behalf of the Audit Committee that the paper answered the questions the Committee had raised.

Trustees emphasised that although there were lessons to be learnt, these issues should not take away from the success of the end result which was stunning and should not stop boldness in our future thinking.

5.3 The Bowyer Tower, the Tower of London

5.3.1 The Board noted the contents of the report and authorised the investment decision for the project as recorded in the report.

5.4 Hampton Court Palace Golf Club

5.4.1 The Board discussed the contents of the Conservation and Learning Director's report and agreed to the recommendation.

- 6. Monitoring Performance**
- 6.1 The Chief Executive's Reports for December and January**
- 6.1.1 The Board noted the contents of the Chief Executive's Reports. Michael Day drew attention to key matters including:
 - The good discussions with the Royal Botanic Gardens at Kew regarding new operating arrangements for entry to Kew Palace and the Royal Georgian Kitchens.
 - Potential opportunities relating to the future Collections Store at Hampton Court Palace, which would be proposed for debate at a formal Trustees Board when appropriate.
 - The terms of reference for the Interpretation Sub Group. The Board endorsed the terms proposed.
- 6.2 Financial performance to the end of December 2012**
- 6.2.1 The Board noted the Finance Director's report. Visitor numbers felt slightly short of the re-forecast target but have recovered in January. She expected that the surplus would exceed forecast at year end.
- 7. Organisation and Governance**
- 7.1 Trustee Appointments**
- 7.1.1 The Chairman gave a verbal update on progress.
- 7.2 The Investment Committee 27th November 2012**
- 7.2.1 The Board received the minutes of the Investment Committee. The Chairman of the Investment Committee, Sir Adrian Montague had already given a verbal report of the discussions at the November Trustees Meeting.
- 7.3 The Annual Pensions Update**
- 7.3.1 The Board noted and discussed the contents of the review of the pension benefit provision and confirmed their intention to continue to look at this annually.
- 7.4 The Register of Interests**
- 7.4.1 The Board noted the changes to the register of interests and agreed to advise the Trust and Company Secretary of any further changes.
- 7.5 Arrangements for Trustees Meeting in 2013 and dates for meetings in 2014.**
- 7.5.1 The Board noted the dates of the proposed meetings and agreed to advise the Trust and Company Secretary of any dates where they are not able to attend.
- 8. Any Other Business**
- 8.1 There was no other business
- 9. Next Trustees meeting: Wednesday 20th March 2013 at the Tower of London**