



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 20 November 2019**

Location: **New Armouries Meeting Suite, Tower of London**

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, Andrew Jackson, Sue Hall, Rachael Gilleard, Graham Josephs, Adrian Phillips, Dan Wolfe, Simon Daniels (item 8), Lorna Hudson (observer)

Apologies: None

1. Opening business

- 1.1 The Chairman welcomed Trustees to the meeting, including Dr Jo Twist OBE, who was attending her first Board meeting, and Lorna Hudson, new Head of Audit and Risk, who was observing.
- 1.2 Jane Kennedy reminded the Board that she 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.
- 1.3 The Board reviewed the minutes of the previous meeting and John Barnes explained that heads of terms had been signed with the partner for the Tower Vaults experience and that the full agreement was expected to be signed in December. The minutes of the Board meeting were approved.

Jane Kennedy commented that, in her view, the note of the strategic session did not fully reflect the views of the Board with regard to the brand and visual identity proposals. The Board agreed that this was better expressed as Trustees welcoming the presentation, although expressing reservations, and requiring



further work. Further work has been done and was presented to the Board after the main meeting.

2. Monitoring performance

2.1 Chief Executive's report

From the October report, Sue Wilkinson and Sarah Jenkins commented on the *Victoria: Woman and Crown* exhibition and asked what opportunity there was for using the feedback solicited. It was noted that the feedback was an engagement exercise, but that opportunities to use this type of data would be sought in the future.

From the November report, Andrew Jackson briefed the Board on the future plans for the Tower of London. The key challenges are to change the way in which visitors come into the Tower - it is now necessary to determine whether this will be one major project or several smaller ones - the need to create space to increase the visitor offer and the challenge of implementing the agreed core story for the Tower. The Board agreed that it would like to see progress reports 2/3 times a year. Lord Houghton commented that it was necessary to understand the strategic scale of what needs to be achieved. Sir Michael Stevens observed that the entry arrangements have been considered for over a decade and that the complexity of a solution should not be underestimated. Jane Kennedy offered her support to the team.

Under the major projects report, Adrian Phillips outlined the current position on financial settlements for the work at Hillsborough Castle and Gardens. Trustees had previously agreed that the team could settle within a sum of £22.5m plus VAT; the full amount of the outstanding claims are above this. The team do not agree the sums and will enter into formal dispute. According to the process previously agreed, the Board has now been alerted (by this report) and the sub-group informed. The Board agreed that the sub-group should sit alongside the team as negotiations progress.

2.2. Financial performance

The Board noted the monthly management information report. Jane Kennedy asked about the strategy for Hillsborough Castle and Gardens. John Barnes explained that the team is looking at the operating model for the site, and this will be discussed alongside the Operating Budget and Operating Plan in January.

3. Draft Operating Budget 2020-2023

- 3.1 The Board received the proposed budget, which is based on year two of the Operating Plan agreed last year. Sue Hall explained that it reflects current performance as the basis for assumptions on visit numbers; events numbers have yet to be added.



Sir Michael Stevens observed that ticket prices have been increased at above inflation and asked about the impact of exchange rates, particularly at the Tower of London. Sue Hall explained that in real terms, prices for international visitors have decreased. Sir Michael also asked that carry overs were minimised and John Barnes assured the Board that more pressure will be placed on this. The Board questioned the decision to remove the online discount for tickets. This can be tested and reviewed after implementation. The Board approved the assumptions and will review the final proposed Operating Budget and Operating Plan in January 2020.

4. Catering update

- 4.1 The Board received an update on catering performance, noting in particular the new plan for the Sargeant's Mess and further 'pop up' outlets along the Wharf at the Tower. Results for the KP Pavilion were initially disappointing, but a 'turnaround' plan was put in place and sales are now at similar levels as previously experienced in the Orangery. Robert Swannell asked how the team assessed performance, either against previous performance or competitors. Sir Michael Stevens agreed that quantitative and qualitative assessments, by site, would be helpful.

Jane Kennedy queried management staff turnover. This is difficult to control, but we are working with CH&Co. – the Board asked for a report back on this in due course. The Chairman summarised, on behalf of the Board, that: it is positive that there is a plan for the Sargeant's Mess, capacity needs to be increased at sites to enable more catering offer and capital expenditure needs to be monitored. The food and beverage proposition also needs to be central to the palace offer, and this should be reflected on HRP's website and other marketing.

5. Retail update

- 5.1 The Board received an update on retail performance. Gina George highlighted that there had, in the last year, been challenges with the new retail system and major stock shortages with key suppliers. Visit numbers at Hillsborough Castle and Gardens had also affected performance. Despite recent improvements, she expected the overall performance for the financial year to be below budget.

Robert Swannell asked whether HRP is doing well, in relation to competitors such as Windsor Castle, Buckingham Palace and the free to enter museums. He and other Trustees noted that there have been deficiencies/ absences in the team. Whilst recognising that this is a challenging area, the Board would like to understand what measures can be put in place to deal with this. Gina George explained that she is taking ecommerce directly into her control for the meantime.



Carole Souter asked whether HRP could do more ethical/ local sourcing. Gina George explained that HRP products are sourced locally wherever possible, and that members of the team have personally visited factories in the Far East where some products are made. Sarah Jenkins offered to assist the team in looking at market segmentation.

Sir Michael Stevens left the meeting.

6. Annual People Report

- 6.1 The Board received the Annual People Report. Graham Josephs explained that the staff survey will be re-run next year to assess the impact of the measures that will be taken as a result of the most recent survey. Zeinab Badawi stated that it was important to define more clearly what diversity means in HRP. Also, given, for example, the percentage of the London population that is BAME, should HRP be aiming for higher numbers of BAME staff, and ensuring that increases apply across pay grades. Generally, Sue Wilkinson felt that it was important for the Executive to know what outcomes were required and therefore what plans were needed to achieve them.

Carole Souter acknowledged that responses on bullying and harassment could reflect a visitor-facing organisation. The Chairman agreed that it was important to understand this further.

Jane Kennedy considered that some of the language around 'From Complexity to Simplicity' was unclear and asked the Executive to consider how they fully understand the barriers to enabling staff.

Robert Swannell asked whether the Executive believes that HRP has a brilliant workforce, how can we assess whether they are high performing and how do we plan for succession and development. The Board asked for an update on actions taken as a result of the staff survey.

The Board thanked Graham Josephs, on his retirement from HRP, for his 20 years' service to the organisation.

7. Gift Aid

- 7.1 The Board received a report on the actions to improve the income received from Gift Aid donations. Some changes have been made in the face to face 'ask' to improve interaction with customers at ticket desks and during membership recruitment, and alternative online opportunities. With the help of Grant Thornton, the team is reviewing a pricing solution that does not include Gift Aid. The conclusions of this will be reflected in the Operating Budget. The Board welcomed this and looked forward to receiving an update on specific actions to be taken.



8. Subcommittees

8.1 *Nominations Committee*

The Board received the minutes of the Nominations Committee and approved the revised term of reference for it (now to be called the Nominations and Governance Committee).

The Board also received the long-term succession plan for Trustees, noting the implementation of the modified role specification for one appointment, the areas of focus in future appointments and the thresholds for female and BAME Trustees. The plan was approved.

The Board agreed that the DCMS should be asked to re-appoint Sue Wilkinson for a further three-year term.

The Board noted that its annual Board effectiveness review would take place in the spring.

8.2 *Audit and Risk Committee*

The Board received the minutes of the last meeting.

8.3 *Remuneration Committee*

Lord Houghton gave a verbal report on the Remuneration Committee. The Committee had considered succession planning, concluding that there was strength in the Director cohort and the Senior Leadership Team, but that more structured talent development was required and recognition of potential deputies for Directors should be formalised.

8.4 *Investment Committee*

The Board received the minutes of the Investment Committee, which included assessment of the performance of HRP's investments. The ethical clause of the investment policy is still being refined.

9. Organisation and governance

9.1 *HCP Undercroft*

The Board approved the investment decision for the new shop in the Undercroft. Jane Kennedy and the Chairman asked that the project team give further consideration to how we attract visitors to the shop, given that a high proportion of visitors do not pick up DVGs.



9.2 *Development policies*

The Board approved the proposed new policies for donations acceptance and sponsorship, subject to regularising the wording on ethical considerations between them.

The Board approved the policy on public recognition of major gift and grants, subject to a minor alteration to reflect the need to ensure that funds (or a substantial instalment) are received before public acknowledgment.

9.3 *Serious Incident Reporting*

The Board approved the process for Serious Incident Reporting to the Charity Commission.

9.4 *Acquisition*

The Board approved acceptance of the offer of the Ombersley Miniature collection.

9.5 *Register of Interests*

The Board noted the register of interests and formally confirmed their entries.

After the main meeting concluded, the Board received a presentation on the current proposals for the brand and visual identity.

