



HISTORIC ENVIRONMENT SCOTLAND

MINUTES OF HES BOARD MEETING HELD ON 19 AUGUST 2021

ROYAL COLLEGE OF PHYSICIANS, EDINBURGH

Present:

Jane Ryder, Chair
Ian Brennan (via video link)
Janet Brennan
Andrew Davis
Emma Herd
Terry Levinthal
Fiona McLean
Ian Robertson (via video link)
Paul Stollard
Jane Williamson

In attendance:

Alex Paterson, Chief Executive
Stephen Duncan, Director of Commercial and Tourism (via video link)
Gary Love, Director of Corporate Services
Elly McCrone, Director of Heritage
David Mitchell, Director of Conservation (via video link)
Lindsey Ross, Director of People (via video link)
Donella Steel, Director of Finance
Alison Turnbull, Director of Development and Partnership (via video link)
Andy Gibb, Head of Finance (via video link)
Denise Mattison, Head of Corporate Analysis and Performance (via video link)
Paul Kelly, Director of Audit and Assurance, Azets (via video link)
Suzanne Casey, Head of the Chief Executive's Office
Jules Davidson-Welch, Board Secretariat

Introduction and Apologies

1. The Chair welcomed everyone to the meeting. No apologies were noted. Board members Ian Brennan and Ian Robertson joined the meeting after the Chair's Update.

Minute of 22 July Board Meeting

2. The Board approved the Minute of the July Board meeting, and accompanying note of the strategy session held afterwards.

3. Turning to the action log, the Chief Executive updated the Board on a number of items listed, including:
 - The paper on the Paisley Museum grant application may be ready for consideration at the September meeting but might slip to October as HES is reliant on action by the applicants.
 - Pre-covid actions to develop a Holyrood Park strategic plan and the Engine Shed business case will be closed and integrated into business as usual planning.
 - Progress has been made on the Dallas Dhu business case; this will be brought to the HESe Board in due course.
 - The Board noted and approved the principle that Monument Investment Plans be renamed Sustainable Management Plans. The Board were assured that a status update on the (original) will be submitted to the Board in September. Members noted and approved the principle of proposals to develop Sustainable Management Plans for all sites and requested further information on the full implications of the SMPs to be provided as part of the PIC Strategy.
 - The consultation on the Grants Refresh is currently live.
 - The PIC Annual Report is being finalised and will be circulated to the Board prior to publication.
 - The outline business case for the Orkney Gateway project had been provisionally programmed for the October meeting, however this is dependent on progress made by our project partners.

Chair's Update

4. The Chair provided an update to the Board on her meeting the previous day with the new Minister for Culture, Europe and International Development, which the Chief Executive also attended:
 - The Chair briefed the Board on the discussion including the Minister's interest in the wider wellbeing agenda and education. An invitation for her to visit sites including the Engine Shed will issue in due course.
 - Noting the Minister's particular wish to be well briefed on significant matters, the Chair had welcomed more regular meetings in future.
 - The discussion had covered the current closure of sites due to the High-Level Inspection Programme, particularly the immediate impact, it being premature to address the full long-term implications.
 - The Board discussion touched upon the Archives Business Case, which is currently with Scottish Government for formal approval. The Board agreed that this is HES' top priority in terms of investment.
 - The Minister had noted the intention to redesign SHEF as an annual conference event and was reflecting on this. The Chair proposed to the Board that there is merit in the timeframe for this event being pushed back to Autumn 2022, to allow for meaningful sequencing and planning.
5. The Board acknowledged Scottish Government and legal advice that the statutory requirement for a three-year plan did not appear to allow for a simple extension with or without consultation. The Board therefore agreed the proposition that there should be a new three-year plan with a light touch for 2022-25. Within year one, however, HES should consider a replacement three-year plan for 2023-26 which recognises the fundamentally different landscape from that of 2018 when the current Corporate Plan was developed. This will enable HES to consider a new approach in the face of the economic landscape, of living with Covid and of Climate Change realities. All these

factors will impact significantly on sustainability on the broadest sense of long-term PIC Management, changes to the visitor market, and visitor expectations, as will developing societal and sector expectations across all HES functions and activities, and how this is articulated and demonstrated in HES lead role.

Board members Ian Brennan and Ian Robertson joined the meeting.

Chief Executive's Report

6. The Chief Executive gave an update to the Board on a number of matters, including:
 - The Chief Executive briefed the Board on an incident on 17 August in which a group of protesters refused to leave Edinburgh Castle for a number of hours. The Chief Executive thanked the castle staff who handled the situation well, following established protocols and contacting police, and Alison Turnbull, as the On-Call Director who supervised HES response. While this incident did not pose a serious threat, the Head of Physical Security is reviewing the event to identify any opportunities for learning. Board members raised a number of specific issues relating to this incident, including concerns that the high profile of some HES sites may mean that they are targets for protests or potential attacks. The Chief Executive provided information on the ongoing measures in place to mitigate this threat including staff training, and in the case of Edinburgh Castle includes planned exercises involving police and military partners. The Chief Executive will work with the Head of Physical Security to provide a suitable briefing for the Board on the matter.
 - Now that the Scottish Government have eased Covid restrictions significantly, HES' resumption activities will reflect this in a gradual and proportionate manner, taking into account staffing restrictions.
 - The new interim Head of Communications, Christina Kelly, took up post on 09 August.
 - Members requested some briefing on Heritage Crime given the recent rise in cases.
 - Members noted that a Chair's Committee meeting had taken place to discuss the Regulatory Framework, currently in development. A draft version will be reviewed by the Board in September.
7. Turning to the financial statement to 30 June 2021, the Director of Finance presented an overview. The year to date position shows an underspend against budget, due in large part to underspends against most expenditure categories. Notably, the High-Level Inspection Programme has diverted focus away from other activities. The main risk and variability in financials vs budgets is the commercial income and this continues to be monitored closely. A mid-year budget review will be conducted for the October Board meeting, by which time there will be a clearer view of commercial income performance.
8. The Chair of the Finance Committee, Emma Herd, commended the good financial management demonstrated. The Finance Committee will meet with the Commercial Analysis team at the November meeting to seek a better understanding of the process for projecting income. The Chair of ARAC, Ian Brennan, confirmed that he had no current concerns regarding going concern.
9. The Chief Executive summarised the quarter one Corporate Performance Report. At the end of June, 38 of our indicators were on track, one had been completed and six were 'at

risk'. The Chief Executive briefed the Board on the 'at risk' indicators and the factors impacting on their delivery. The Chief Executive also briefed the Board on the context to a number of success measures proposed to be altered following a recent prioritisation exercise.

10. The Board agreed to the changes proposed, with the caveat that it will be important to deliver as much as possible of the new equalities plan. Consideration should be given to the addition of a new indicator relating to progress and outcome of Inspections. The Annual Operating Plan should be updated accordingly. The revised draft will be circulated for Board approval.

ACTION: Chief Executive

Andy Kerr, Head of Finance joined the meeting

Letter of Comfort for HESe

11. Board members Ian Robertson and Paul Stollard, as well as the Directors of Finance and Commercial and Tourism recused themselves from the following discussion due to their status as HESe Directors.
12. The Head of Finance briefed the Board on the request to approve a letter of comfort to the Historic Environment Scotland Enterprises Limited (HESe) Directors confirming HES has the ability, and will continue, to financially support HESe. Given the impact of COVID on the financial performance of HESe and the loan provided by HES to HESe in 2020, this letter is required to enable HESe Directors and external auditors to confirm the going concern basis of HESe and approve the HESe annual accounts.
13. The Board approved the letter, which will be signed by the Chair on behalf of the Board.

The Head of Finance left the meeting.

High Level Inspection Programme

14. The Director of Conservation provided an update on progress of the High-Level Inspection Programme.
15. Among the developments since the last Board meeting, sample inspection training for the additional staff required for phase one has been completed, site mobilisation for high level sample inspection has commenced, and a Peer Review Panel has been appointed and held its first meeting on 02 August.
16. The Board noted that their High-Level Inspections Liaison Group were content with the Programme's progress to date, and that the Peer Review Panel had not flagged any significant concerns with the process at their inaugural meeting.
17. Turning to the challenges of capturing the learning from the activity, local engagement, site signage and wider communications, the Board were advised that these will factor into the range of longer-term considerations tackled as part of the next phase of the programme; the Board will receive an update on these elements at the next meeting.

Paul Kelly, Azets, joined the meeting

Mavisbank Lessons Learned

18. Paul Kelly, Director of Audit and Assurance at Azets, gave an overview of the lessons learned review of the 'Save Mavisbank' NLHF application. The objective of the review was to identify any lessons for improving how HES manages future funding applications; and any lessons that might help improve how the organisation could have managed the Mavisbank project as it progressed.
19. A number of detailed recommendations were included in the report, all of which reinforce the need for a Project Management Office. The report makes clear that the team working to develop the 'Save Mavisbank' application would have benefited from the support of a PMO to help guide the application through the 'project lifecycle' and ensure consistency and appropriateness in governance and management arrangements for projects.
20. The Chief Executive confirmed that all recommendations had been fully accepted in the management response. The PMO provides the vehicle to address most of the recommendations, though other actions were also noted. He highlighted the unusual nature of the proposed Mavisbank project and the importance of a proportionate approach to projects
21. Ian Brennan, in his capacity as Chair of ARAC, thanked Paul Kelly for the very useful report. He noted that ARAC had discussed the report at their July meeting and would review it again at their October meeting. He mirrored the comments that much of the recommendations of the report would be addressed by the implementation of a PMO, however cautioned that this was not a panacea and would require robust governance arrangements. Members discussed the planned governance for projects under the PMO including the exact nature of the role of the SMT, noting that authorities would still have to be granted at the appropriate level as defined in the Scheme of Internal Delegation.
22. The Board thanked Paul Kelly for the report.

Paul Kelly left the meeting

Denise Mattison, Head of Corporate Analysis and Performance, joined the meeting

Update on the ARAC Meeting of 28 July

23. Ian Brennan, the Chair of the Audit, Risk and Assurance Committee, provided an update of their meeting of 28 July.
 - He welcomed new committee member Terry Levinthal, who fills an identified skill gap in the committee relating to the heritage sector.
 - ARAC considered a report from Wylie and Bisset, the firm appointed to audit HESe. The HESe accounts will carry a qualification relating to difficulties in establishing opening stock balances following challenges with this during COVID in 2020. The accounts also report a gross loss, the reasons for which are subject to outstanding enquiries from ARAC.
 - The committee considered the quarterly corporate risk report, making a number of recommendations.
24. The Board thanked the Chair of ARAC for his update.

Risk Management

25. The Head of Corporate Analysis and Performance joined the meeting to lead a session on risk. This included consideration of an updated Risk Management Policy and Strategy. The Board also reviewed the list of current risks captured on the Corporate Register, offering the following feedback:
- Members noted the large number of entries on the register, recommending that thought is given to how this can be organised into a more condensed format.
 - The Board asked that consideration be given to including or reflecting more obviously the organisational reshaping project and risks around equalities, our regulatory function and risk of excess demand impacting organisational capacity.
 - Noting work to develop risk management across the organisation, including risk champions, members observed that risk management culture should be mainstreamed into the performance management system.
26. The Chair advised that in accordance with good practice, the Board looks at strategic risks afresh at least annually. This is currently scheduled for November. The Chair therefore invited members to reflect further on the current register in time for that discussion, providing comments to the Head of Corporate Analysis and Performance, Director of Finance, Chair of ARAC and Chair.
27. The Board thanked the Head of Corporate Analysis and Performance and approved the updated Risk Management Policy and Strategy as recommended by ARAC on 28 July. In relation to assessment the Board in particular commended the inclusion of environment and climate change as a component of risk impact assessment, while offering additional suggestions.

Denise Mattison left the meeting

Update of the Finance Committee Meeting of 04 August

28. Emma Herd, Chair of the Finance Committee, gave the Board an update of the most recent meeting of the committee. She formally noted that Paul Stollard had left the committee, and that Jane Williamson had taken up her appointment. Emma highlighted the committee's examination of the lease for Archives House, concluding that it is fit for purpose. She also updated the Board that civil cases against HES were decreasing; the committee will continue to keep this matter in sight.

Project Management Office (PMO) Update

29. The Director of Finance outlined an update on establishing the PMO and the transition of projects from Programme for Success to the PMO.
30. The Terms of Reference for the PMO oversight board are in development, to be approved by SMT in due course. There was some discussion of the appropriate internal management in particular the role of the SMT (and the Board) and other internal authority. These require to be fully determined and clarified. A soft launch of PMO processes and services is planned over the coming months. The Board noted the progress to date and will continue to receive updates as the governance takes shape.

Head of Corporate Analysis and Performance, joined the meeting

New Town Communal Bins

31. A number of Board members, Paul Stollard, Terry Levinthal and the Chair declared an interest prior to the discussion as residents of or with interests in the New Town. The Board agreed to note the declarations, however decided that it was not necessary for the members in question to recuse themselves, as no decision was required on the item.
32. Edinburgh City Council plans to provide a series of communal bins throughout the city to replace the refuse sack collections currently in use. This decision has the potential to impact on the City's built heritage, with particular concerns raised in the New Town. The Director of Heritage briefed the Board on the context to the matter, HES' involvement, and the extent to which this may have an impact on Edinburgh's World Heritage Status. HES has no direct statutory locus but is working closely with the Council and hope to influence their design and siting.
33. In the context of Liverpool's recent loss of World Heritage status, the Director of Heritage answered a number of questions on Edinburgh's World Heritage site.
34. The Board discussed the importance of how HES navigates the extent and boundaries of the remit as a regulator, set alongside HES other roles, and specifically in relation to World Heritage. This will be explored in the Regulatory Framework, a draft of which is due to be considered by the Board in September.

Update of the HESe Meeting of 28 May

35. Ian Robertson, Chair of the HESe Board, gave a brief update of the meeting of 29 May. He noted that the review of HESe governance arrangements would be initiated shortly. An update on Dallas Dhu is expected by the HESe Board soon.

Update of the Staff Governance Committee Meeting of 23 June

36. Fiona McLean, Chair of the Staff Governance Committee, briefed the Board on their meeting of 23 June and 18 August.
37. The committee had received a presentation from the internal Youth Forum. Fiona emphasised the importance of recognising and capturing the opportunities to hear diverse voices, such as those provided by staff forums. Representatives from the Equity forum will present to the next committee meeting.
38. The Board noted that the Behaviours Framework had been launched. There is a session for the SMT shortly and a Board session will be held in due course, although no plan or details are yet scheduled.

Any Other Business

39. The Board noted that plans were being developed for a meeting and visit to take place on 14 September in Stirling. As this will now be a one-day event, 15 and 16 September will be released in member's diaries.
40. The Chair and Janet Brennan updated the Board on their recent visit to Abbotsford to attend an event to celebrate Scott's 250th birthday. The Board noted a longstanding wish to collaborate with the Abbotsford Trust.

41. A briefing on HES' preparations for the COP26 summit in November will be presented to the Board in September. The Board noted that a climate adaptation strategy for HES is in development, which will come to the Board in due course, and will ideally be ready in time for and form part of the HES programme for the COP26 summit.

There followed a closed session of the Board and Chief Executive