



HISTORIC
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SCOTLAND

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MINUTE OF HES BOARD MEETING HELD ON 17 FEBRUARY 2022

VIA VIDEO CALL

Present:

Hugh Hall
Janet Brennan
Andrew Davis
Emma Herd
Ian Robertson
Fiona McLean
Paul Stollard
Ian Brennan

In attendance:

Alex Paterson, Chief Executive
Stephen Duncan, Director of Commercial and Tourism
Elly McCrone, Director of Heritage
David Mitchell, Director of Conservation
Lindsey Ross, Director of People
Donella Steel, Director of Finance and Corporate Services
Alison Turnbull, Director of Development and Partnership
David Phillips, Finance Business Partner (part)
Suzanne Casey, Head of the Chief Executive's Office
Jules Davidson-Welch, Business Manager

Introduction and Apologies

1. Hugh Hall welcomed everyone to this, his first meeting as HES Chair. Expressing his enthusiasm for the role and organisation, the Chair laid out his vision of the Board's role and priorities, including an emphasis on adding value, building relationships, and collegiate-style decision-making.
2. The Board and senior executive team wished the Chair a warm welcome to the organisation.
3. Apologies were noted from Jane Williamson, Terry Levinthal and Gary Love, Projects Director.

Minute of the Previous Meeting

4. The Board approved the minute of the 14 December meeting. Reviewing the Action Tracker, the Board noted that the existing Orkney Gateway action should be closed in favour of an updated action relating to the full business case. The action on the Archives House project should be closed now that governance for this activity has been mainstreamed. An update on Archives House should come to the May meeting.

ACTION: Projects Director

Chief Executive's Update

5. The Chief Executive outlined a number of highlights from his report, including:

- Since the last Board meeting, Neil Gray MSP has been appointed as Minister for Culture, Europe, and Internal Development, the second such change in recent months. The Chief Executive attended a very positive introductory meeting with Mr Gray on 02 February. The Minister has formally commissioned HES to conduct a review of OPiT, a copy of his letter will be circulated with the Board.

ACTION: Board Secretariat

- The current cluster of severe storms has had an impact of HES sites, with many closing the previous day for safety reasons, including Edinburgh Castle.
 - The Chief Executive summarised media coverage and stakeholder reactions to the announcement of further access restrictions related to the High-Level Inspection Programme, which has proved broadly supportive. The Board commended the Communications plan.
 - The reshaping programme has progressed well; a successful candidate for the Director of Operations role has been identified.
 - Following discussion at the last meeting the processes for obtaining required consents to install solar panels on the roof of a building at Edinburgh Castle had successfully concluded. Procurement has also been completed for the project with a preferred contractor identified. Based on this, and with funding being provided by Scottish Enterprise, the Chief Executive advised the Board that the project was proceeding to implementation.
 - The Head of Internal Audit and Business Improvement has been asked to conduct a review into how potentially novel or contentious matters are identified at an early stage.
 - The Board noted the update on the New Town communal bins matter. The Chair updated the Board on correspondence he had received from the New Town and Broughton Community Council. He has committed to consider the matter and reply appropriately.
 - The Board noted HES' plans for the Year of Stories.
6. Turning to the Financial Statement to 31 December 2021, the Board considered the year-to-date position and full year forecast; both of which show a surplus against budget. The Chair of the Finance Committee confirmed that the committee had reviewed the report in full and were content. The Board approved the request to carry forward the Designated Fund into 2022-23 to the extent that it remains unutilised in 2021-22.
7. The Board considered the Corporate Performance Report for Quarter 3 of 2021-22. The report shows that HES is on track to achieve or partially achieve over 90% of our indicators by year end. Many of the indicators which will not be met have been affected by outside factors, notably Covid19 restrictions. The Board commended the results, congratulating the organisation's performance under very challenging circumstances.

Corporate Plan

8. The Director of External Relations and Partnership introduced and invited the Board to approve the final draft of the Corporate Plan for 2022 onwards. The submitted draft incorporates Board feedback provided at their 14 December meeting.

9. As agreed in December, the KPIs are unchanged but plans for potential external verification will be considered at the Board's request. 2019–22 KPI results will be reported to the Board in May. A more comprehensive review of Heritage for All and wider consultation and engagement is planned in the next three years to inform the 2025 Corporate Plan
10. The Board confirmed their approval, commending the substance and presentation of the document. Subject to Ministerial approval, preparations will now be made for publication.
11. The Chair will engage with the Director of External Relations and Partnership to discuss options for how the Board may assist in promotion of the new Plan.

Draft 2022/23 Budget

12. The Director of Finance and Corporate Services introduced the draft high-level budget for the 2022-23 financial year. The paper also provided analysis for commercial income, staff costs, operational expenditure, and investment plan spending.
13. The Board considered the draft budget, raising two points for consideration in developing the final budget. Firstly, the levels of grant funding and secondly, the impact of site closures on the levels of staffing costs associated with seasonal recruitment. The Director of Finance and Corporate Services will provide the relevant Board member more detailed answers in relation to the latter point.
ACTION: Director of Finance and Corporate Services
12. The Chair of the Finance Committee confirmed the committee's prior analysis and approval of this stage of the budget, commending the draft for Board approval. The Board approved the high level budget including the utilisation of any Designated Fund carried forward from 2021/22, noting that the final version will be put forward for approval at their April strategy day.

Draft 2022/23 Annual Operating Plan

14. The Director of Finance and Corporate Services introduced the draft Annual Operating Plan (AOP) and invited the Board to agree the direction of travel set out in the document, and to agree the six priorities for 2022/23.
15. The draft AOP has been developed in conjunction with the draft budget for 2022-23 and the refreshed Corporate Plan. The focus for 2022/23 is on a small number of priorities, designed to ensure the greatest impact.
16. The Board approved the draft and the list of priorities, offering some thoughts on the wording on some priorities. The final version will be brought to the April strategy day for approval. Any further feedback from the Board should be provided by 07 March.

Heritage Hub Business Case

17. The Director of Heritage introduced the Heritage Hub Full Business Case; a project that will replace many of the digital platforms used by HES to provide access to

archives and other aspects of the national record of Scotland's historic environment with one system, designed to better meet the need of users and keep pace with the latest standards.

18. Since the Board approved the Outline Business Case in March 2021, a procurement exercise has run its course, and a preferred supplier, identified. They will develop, deliver, and support the system.
19. The Board considered the matter, posing a number of questions to the Director of Heritage. In taking the project forward it will be important to ensure collaboration and to consider a strategy for exploiting the Heritage Hub.
20. The Board welcomed the paper and confirmed their approval of the Full Business Case. Due to the size of the commitment, the business case will now be submitted to Scottish Government for approval, and engagement with the Historic Scotland Foundation, which has agreed in principle to part-fund the project, will recommence.

David Phillips, Finance Business Partner, joined the meeting

Dallas Dhu Business Case

21. The Director of Commercial and Tourism introduced the Business Case for a partnership between HES and a third party, a proposition to enter into a 25-year agreement to secure the sustainability of Dallas Dhu as a visitor attraction and improve the quality of the experience, with the introduction of small-scale whisky distilling and commercial warehousing which will deliver financial return to HES.
22. The Chair of the HES Enterprise Board commented on the proposals, highlighting the many obstacles that have been overcome in order to bring the project to this stage. Members commended the achievement of the project team. The Board noted that while the project is a novel proposition for HES, it may in the future provide an exciting new model for operating other Properties in Care.
23. Members noted that there are a number of risks involved in the deal, particularly around the 25-year agreement and acknowledged the mitigating measures that have been put in place to address these risks as far as possible. Careful arrangements will also be required to ensure that appropriate conservation principles are adopted for the use and maintenance of the historic fabric. While some aspects still need to be agreed, the Board was asked to approve the proposal, delegating final details to the Chief Executive. Should there be any material changes, the Board would be advised.
24. The Board approved the business case, praising the staff involved in developing it. It will now be submitted to Scottish Government for approval, due to the novel nature of the project.

David Phillips, Finance Business Partner, left the meeting

High Level Inspection Programme Update

25. The Director of Conservation and Chief Executive presented an update on the High-Level Inspection Programme since the last Board meeting and the subsequent briefing paper sent early January referencing the further planned Properties in Care (PIC) closures.

26. 39 additional PIC access restrictions were announced in January 2022, totalling 70 since June 2021. A programme of external and internal communications was released to provide information on the current status and broader context. Subsequently, much engagement has been conducted with sector partners, local communities, and parliamentarians. A number of measures to mitigate the impact of the restrictions are being explored, including innovative use of interpretation materials.
27. A Project Board and workstreams have been established with Project Manager and Project Support Officer, overseen by the Project Management Office. Planning, training, and prioritisation is under way to put in place the national programme of high-level tactile surveys for all sites with high level masonry.
28. The Board considered the update, acknowledging that much of the work required was well under way or in an advanced stage of preparation. Members complimented the professionalism with which this challenge has been approached. Members discussed the risks associated with the significant staffing resource required to implement the programme. The Chief Executive will ensure that the Board are kept briefed on progress.

ACTION: Chief Executive

Any Other Business

29. The Chair invited the members to consider topics of discussion at the forthcoming HES Board Strategy meeting, scheduled for 21st April, 10am-4pm. Suggestions included:
- The PiC Strategy
 - Regulatory framework
 - Risk/opportunity discussion
 - People/workforce planning
30. A note of these topics will be circulated after the meeting. Members will reflect on this and feed back any further suggestions.

ACTION: Board Secretariat