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## MINUTE OF HES BOARD MEETING

HELD ON 23 NOVEMBER 2023

**LONGMORE HOUSE, EDINBURGH**

### Present:

Hugh Hall  
Ian Brennan  
Gemma Butterfield  
Andrew Davis  
Joe Doogan  
Emma Herd  
Simon Hodge  
Gary Jebb  
Ann Leslie  
Terry Levinthal  
Anne-Marie O'Hara  
Ian Robertson

### In attendance:

Alex Paterson, Chief Executive  
Stephen Duncan, Director of Marketing and Engagement  
Craig Marshall, Interim Director of Finance and Corporate Services  
Craig Mearns, Director of Operations  
David Mitchell, Director of Cultural Assets  
Alison Turnbull, Director of External Relations and Partnership  
Zsombor Bardossy, Manager, Chief Executive's Office  
Ella MacColl, Coordinator, Chief Executive's Office  
Anne Marie Machan, Audit Manager – Audit Scotland (part)  
Claire Gardiner, Public Sector Auditor – Audit Scotland (part)  
Denise Mattison, Head of Corporate Analysis and Performance (part)  
John Campbell, Digital Transformation Manager (part)  
Gillian MacDonald, Head of Sales and Marketing (part)  
Emily Tracey, Head of Policy, Strategy and Systems (part)

### Introduction, Apologies, and Minute of the Last Meeting

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1. The Chair welcomed everyone to the meeting. Apologies were noted from Lindsay Ross, Director of People and Elizabeth McCrone, Director of Heritage.
2. Terry Levinthal declared an interest in the item on the Buildings at Risk Register in the Chief Executive's report as he had met with the consultants undertaking the review of the Register. He also declared a conflict of interest in the item on the Radical Road contained in the Chief Executive's report given his employers involvement.
3. The minutes of the Board meeting held on 24 August 2023 were approved and the Action Tracker noted.

#### Matters arising

4. Following discussion at the August Board meeting, the Chief Executive confirmed that there was no likelihood of SFRS changing its new policy for responding to fire alarms. As a result, HES had reviewed its fire alarm systems and ELT had approved investment to upgrade where necessary to meet SFRS standards.
5. Following deferment of the paper on Archive House at the August Board, the Finance Committee and additional Board members had met on two occasions to consider the project. A number of actions have been agreed, including exploring the option of early purchase of the property and continuing the project through RIBA Stage 4 which will give a final cost and business case around June 2024.
6. The Board homologated the decision of 3 November to approve a 2-year pay award, covering 2023-24 and 2024-25.

#### Chair's Update

7. The Chair updated the Board on a number of matters, including:
  - The Board Review had been completed and published on HESNet.
  - Feedback on the recent Board visit to Fife had been positive, providing an opportunity to see HES work first-hand and engage with a range of stakeholders.
  - Recent meetings had included the Historic Scotland Foundation, Historic Churches Scotland and attendance at the Senior Leaders Forum.

#### Chief Executive's Update

8. The Chief Executive highlighted a range of items, which supplemented the written report, including;

- A recent incident in which protestors had damaged the case protecting the Honours of Scotland at Edinburgh Castle had been handled extremely well by staff. A review of the incident is in hand.
- The revised Framework Document discussed at the August Board has now been approved by Scottish Government and is now operational.
- Good progress is being made on a new business model following a constructive meeting with the Permanent Secretary. A working group involving HES and SG has been established to progress matters.

9. In noting the quarterly Health and Safety update, a question was raised regarding the number of staff accidents in the reporting period. The Chief Executive undertook to provide further information on the matter.

**ACTION:** Director of People

10. The Chief Executive's report also contained additional reports on four important matters.

- Following launch of the new sector strategy in June, a small HES team is now in place to drive its delivery, and a Steering Group is being established. The Board noted the short paper setting out proposals, with the suggestion to include representation from a communities perspective.
- Following press coverage over business activities, HES has suspended the contract with the Hamish Ogston Foundation which had been expected to provide significant funds for traditional skills. Clarification is being sought on a number of matters before a final decision is made on whether to cancel the contract. The Board endorsed the approach being taken and encouraged exploration of alternative funding sources.
- Following discussion with Diageo regarding proposals for Dallas Dhu, Diageo, while remaining supportive of the proposal in principle, continue to express concern over certain aspects of the proposal. The Board considered three options to progress the project. SG input and agreement to the selected route would be sought. The Board also recommended that Dallas Dhu moves from being in Guardianship to in ownership of Ministers be explored.

*Having declared a conflict of interest, Terry Levinthal left the meeting at this point.*

- Following closure for some years due to rockfall risk, concerns have been expressed at the lack of progress in identifying a preferred solution to the closure and hence improved user access. The Board recognised the need to accelerate consideration and closure of this

matter. It was noted that the CEO had offered to meet interested parties in the New Year to review options.

*Terry Levinthal re-joined the meeting at this point.*

#### Financial Statement

11. The Interim Director of Finance and Corporate Services presented the Financial Statement to 30 September 2023. The year-to-date position continues to show a surplus against budget largely due to strong commercial performance. Cost pressures particularly in relation to the approved pay award can be accommodated within increased income, and the year-end position is expected to offset the over-commitment in the original budget and not require use of the designated fund.

#### Corporate Performance Report

12. The Board considered and commended the mid-year results of HES' performance against the 27 indicators of the Annual Operating Plan. Of these, 23 are either Achieved or On Track to be Achieved (85%), and 4 are at risk (15%).

*Anne Marie Machan and Claire Gardiner joined the meeting.*

#### ARAC Chair's Final Report

13. Ian Brennan, as Committee Chair, presented the Annual Report on behalf of, the Audit, Risk and Assurance Committee (ARAC) for the year ended 31 March 2023. He noted the work of the Committee and the specific issues considered and thanked Committee members and staff for their contribution. The Chair agreed to send a letter to Wendy Ferguson thanking her for her contribution to ARAC as an independent member. Ahead of consideration of the Annual Report and Financial Statements for 2022-23, he informed the Board that ARAC had considered the documents and recommended their approval.

#### Annual Report and Financial Statements 2022-23

14. The Interim Director of Finance Corporate Services introduced the Annual Report and Financial Statements for 2022-23 and a letter of representation for the Board's approval. It was noted that the external audit report for the financial statements is unqualified.
15. Claire Gardiner from Audit Scotland summarised the audit findings and outlined the key points in the ISA 260 Report.

16. Following discussion, the Board approved the Annual Report and Financial Statements, the letter of representation, and the OSCR Annual Return. The Board also noted the ISA 260 Report. The Chair thanked both the HES Finance team and external auditors for their work and confirmed that arrangements would be made to digitally sign the documents during the course of the afternoon.

*Anne Marie Machan and Claire Gardiner left the meeting.*

*Denise Mattison joined the meeting.*

### Annual Operating Plan

17. The Chief Executive introduced a paper setting out the proposed direction of travel for the development of the Annual Operating Plan (AOP) for 2024-25 and sought input from the Board at this early stage. The Plan intends to follow the structure of and build on many of the indicators in the current AOP, updated and refreshed as necessary to reflect the changing operating environment. The paper also set out proposals to provide greater prioritisation in a number of areas and would be refined once the HES budget for 2024-25 was known.

18. In endorsing the proposals, the Board asked that consideration be given to highlighting the development of a new business model, ways to enable access for low-income families, and to consider a scenario in which budgets suffer a significant cut.

19. The AOP for 2024-25 will be developed, and alongside the draft budget, will be presented at the February Board meeting.

**ACTION:** Interim Director of Finance and Corporate Services

*Denise Mattison left the meeting.*

*John Campbell joined the meeting.*

### Digital Blueprinting

20. John Campbell, Digital Transformation Manager, provided an update on HES digital strategy following discussion in May and in particular on a new digital blueprint that will provide improved visibility of IT / digital requests from across the organisation and a clear basis for prioritisation and resource planning. It was noted that a new structure is being implemented to deliver the blueprint

and a Digital Design Authority established to provide appropriate oversight and governance.

21. In endorsing the blueprint and the outline of the refreshed digital strategy, the Board requested that metrics (using a dashboard) be developed to enable progress to be measured, suitable benchmarks identified, and assurance that cyber was sufficiently addressed within the blueprint. It was also agreed that it would be useful to see a list of current digital projects and those under consideration.

**ACTION:** Interim Director of Finance and Corporate Services

*John Campbell left the meeting.*

*Gillian MacDonald joined the meeting.*

#### Review of Branding

22. Gillian MacDonald, Head of Sales and Marketing presented a proposal, based on recent research, to undertake a review of the HES brand. A number of issues with the current arrangements were discussed and options for development outlined.
23. The Board endorsed the option of retaining the Historic Environment Scotland name as the organisation's legal identity, and to develop Historic Scotland as the outward-facing brand. It was noted that this was already the case at sites, in Membership and other areas of activity.
24. In agreeing to the recommendation to undertake development work, the Board asked that a number of matters be taken into consideration, including ensuring change to legislation is not required, avoiding "going backwards" to pre-HES connotations and identity with Historic Scotland, the importance of taking staff with us, the need to be sensitive to the cost of a branding exercise, and being realistic on timescale. It would also be important to consider how this would apply to all HES activities, and whether the HES name would still be required in some instances. A business case should accompany the development work, which articulates the proposal, the benefits, costs and other matters of implementation. Proposals would be brought back to the Board.

**ACTION:** Director of Marketing and Engagement

25. Given a review of branding could be considered novel or contentious, Scottish Government should be briefed on the proposal.

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*Gillian MacDonald left the meeting.*

#### Update on High Level Masonry Programme

26. Craig Mearns commented on the latest HLM update paper, which shows continued excellent progress on inspections and site opening / access improvements. He noted that spend was ahead of budget and that a Project Review was planned to effectively mainstream HLM by March 2024.

*Emily Tracey joined the meeting.*

## PIC Strategy Update

27. David Mitchell, Director of Cultural Assets updated the Board on developments with the PIC Strategy since the previous meeting. This included briefing the Minister for Culture, Europe and International Development. It was noted that the Heritage Assets Committee had considered the project and were content with the direction of travel. Following discussion, the Board endorsed the PIC Strategy Briefing Note, but asked that a number of matters be considered further, including accelerating the timeline of various elements of the project, the scale and nature of consultation required, and the advisory group. The Chief Executive also undertook to review the associated proposed communications and engagement plan.

**ACTION:** Director of Cultural Assets

*Emily Tracey left the meeting.*

## Committee Updates

### 28. Finance Committee

- Andrew Davis, Chair of the Finance Committee briefed the Board on business considered by the Committee at the last meeting. This included discussion on the Archive House project, review of the Financial Statement, and a PMO update. The Committee also considered an early outline of an updated Financial Strategy which, following further development, will come the Board.

### 29. HESe Board

- Ian Robertson, Chair of the HESe Board gave an update on the previous day's meeting, highlighting continued good commercial performance and as a consequence the HESe loan is being repaid more quickly than expected. NCAP continues to underperform against target and the HESe Board asked for a further update on action to get things on track.

### 30. ARAC

- Ian Brennan, Chair of ARAC highlighted the Minute of the meeting of 17 August that had been circulated in the Board pack. The Committee had considered progress with the HES accounts and the accounts of HESe, the risk register and a cyber security report. It was also noted that HES' Internal Audit function had undertaken an independent external quality assessment review and had achieved the highest standard of conformance with Internal Audit Standards and Professional Practice.

### 31. People Committee

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- Emma Herd, Chair of the People Committee updated the Board on the committee's recent meeting, commenting briefly on the significant people-related projects ongoing, including move to a 35-hour week, pay and grading review, strategic workforce planning and a new approach to performance management.

### 32. Heritage Assets Committee

- Terry Levinthal, Chair of the Heritage Assets Committee outlined recent discussions which included work on the PIC Strategy and archives.

Meeting closed.