HISTORIC ENVIRONMENT SCOTLAND
MINUTES OF HES BOARD MEETING HELD ON 8 FEBRUARY 2017
Conference Room, Longmore House

Present:
Jane Ryder, Chair
Janet Brennan
Paul Stollard
David Gaimster
Coinneach Maclean
Fiona McLean
Trudi Craggs
Ken Thomson
Ian Brennan
Ian Robertson

In attendance:
Alex Paterson, Chief Executive
David Mitchell, Director of Conservation
Jennie Smith, Acting Director of Finance
Stephen Duncan, Director of Commercial and Tourism
Lisa McGrailth, Director of Communications
Gary Love, Director of Corporate Services
Barbara Cummins, Director of Heritage
Denise Mattison, Corporate Analysis and Performance Manager
Karen Robertson, Senior Research Manager
Thomas Knowles, Head of Grants
Gillian MacDonald, Head of Sales and Marketing
Denise Lauder, Board Secretary

Introduction and Apologies:
1. The Chair welcomed everyone to the meeting. Apologies were noted from Andrew Holmes. There were no declarations of interest.

Minutes of 15 December Board Meeting and Action Tracker (HES 001/17)
2. The minutes of the December meeting were approved subject to minor amendment. The Action Tracker was reviewed and progress noted. Further updates were provided in relation to:
   - HES/150916/139 Admission Pricing – the results of a benchmarking exercise will be scheduled to inform pricing decisions for 2018/19.
   - Edinburgh World Heritage report – Director of Heritage will circulate an update to Board
     Action: Barbara Cummins

   - HES/151216/158 HESEnterprises Operating agreement – this will be presented at the Board meeting in March to allow final review by HES legal advisors.
     Action: Denise Lauder

   - The updated Terms of Reference for the Staff Governance Committee will come to the March board meeting.
     Action: Gary Love

Matters Arising
3. All matters arising will be covered by items on the agenda.

Chair’s Report
4. The Chair reported that unfortunately she had been unable to attend the Cabinet Secretary’s event on Brexit but had a good discussion around this issue with Board members and the Chief Executive prior to the event. She noted receipt of an invitation
Chief Executive’s Report (HES 002/17)

5. The CEO gave a verbal update. Key points, and matters arising from discussion included:
   - Organisational performance continued to be good. Visitor numbers in particular continued to increase year on year, and HES was ready to welcome its 4 millionth paying visitor for the first time in a financial year.
   - Three HES sites participated in a benchmarking exercise, organised by the Association of Leading Visitor Attractions (ALVA), where 68 visitor attractions share data on a range of indicators. Edinburgh, Stirling and Urquhart Castles were included in this exercise and came out very well on almost all measures. This report would be posted on the Board’s Sharepoint site.
   - Following comments from Board, the terms of reference and membership of the OPIT working groups had been finalised. The Cabinet Secretary had accepted the proposals, which HES would now take forward. A copy of the final document would be circulated to Board members.

   **Action: Denise Lauder**
   - The Chief Executive and Director of Commercial and Tourism would be hosting a series of meetings in Orkney on 9-10 February, with a focus on Maeshowe and long-term opportunities around Neolithic Orkney.
   - The Cabinet Secretary hosted a stakeholder event which provided opportunities for a discussion on the key issues affecting the sector in relation to Brexit. The Board discussed and gave guidance on what might be the appropriate action for HES as the lead body.
   - The draft independent report on the Engine Shed had been received. Recommendations made would be taken forward as the project moves to completion of the construction phase of the project.
   - Discussions had taken place with Ministers regarding plans for St Andrews Day celebrations.
   - The annual planning report should be shared with the Board before submission to Scottish Government.

   **Action: Barbara Cummins**
   - Good media coverage had been received following publication of the Conservation Report in January and the Cabinet Secretary’s visit to Dunkeld Cathedral in early February. Coverage around the listing of Cables Wynd House was also extensive, if mixed in content. HES would be announcing its events programme for the summer on 22 February as part of the Year of History, Heritage and Archaeology (YHHA). The events programme would be copied to the Board.

   **Action: Denise Lauder**
   - The Board discussed “What's Your Heritage”, the on-line survey and the proposed series of workshops. The Board emphasised the importance of seeking views from a wide range of audiences and expressed interest in hearing more about the overall process, including analysis of the results. This will come to the Board in May as a substantive item, which will include consideration of the Board’s role in further developments.
   - The Chair circulated a paper, which had been agreed by Board members on arrangements for communications and briefing of the Board. This included existing protocols for Board meetings, which were reconfirmed, and a minor amendment to Standing Orders which was agreed.

   **Action: Chief Executive**

   [Denise Mattison joined the meeting]

Draft Annual Operating Plan 2017-18 (HES 003/17)

6. Denise Mattison introduced the draft Operating Plan. She advised the Board that this was the second Annual Operating Plan under the three year Corporate Plan. The priorities are set out under the five themes of the Corporate Plan. The Board welcomed the Plan, and in discussion, offered some comments that will be incorporated in the next draft.

   **Action: Denise Mattison**

Draft Budget – 2017-18 (HES 004/17)

7. Jennie Smith introduced this paper by proposing to the Board that the budget presented would be for one year and would be used as an indicative basis for planning over a three year period. As a result of the outcome from the Spending Review, additional capital allocation and commercial income forecast to be significantly higher than in recent years, HES has an opportunity to invest in activities this year. These were set out in the budget paper, and in the separate Investment Plan paper.

8. In discussion it was agreed that vacancy levels and efficiencies need careful management, and that in the coming year, baseline budgets will be reviewed. Noting the importance of starting preparations immediately to ensure a prompt start to the investment programme, the Board approved the draft budget.

Draft Asset Management Plan for PIC (HES 005/17)

9. Before discussion of the papers, the Chair referred to HES overall: responsibilities and the Board confirmed that as an organisation, HES is responsible for a number of asset classes, not only the Properties in Care. This is already reflected in the draft Investment Framework. With this in mind, the Board agreed that a single overarching Asset Management Plan or
10. David Mitchell then introduced the papers related specifically to the Properties in Care, and sought Board approval of the Asset Management Policy and comments on the proposed structure of the Asset Management Plan.

11. In introducing the paper David Mitchell noted that the Scheme of Delegation requires HES to publish an Asset management Plan, and that the approach was based on the international standard for asset management. The approach taken by other heritage organisations had also been reviewed.

12. The Board suggested changes/ additions to the draft Policy:
   - Access should be clearly stated in policy objectives to reflect visitor focus.
   - Reference to the legislation should be added to Policy Principles
   - The last sentence in the first paragraph should be removed
   - The final sentence “is not required

The Board also commented:
   - The Asset management Plan should focus on approach rather than operational detail
   - A separate Collections Management Plan is required

Subject to the above alterations, the Board approved the Asset Management Policy. The Asset Management Plan will come to the March board meeting.

Action: David Mitchell

Draft HES Investment Framework (HES 006/17)

14. The Chief Executive introduced this paper, highlighting that it was work in progress. Although currently focussed on the short term, it was intended it would inform the investment programme for the foreseeable future. He noted that it sought to cover all HES investment areas, and set out an approach to investment prioritisation.

15. The general approach outlined was welcomed by the Board. Specific comments including timeframe, future thinking and the consequences of making investment choices would be reflected in a revised paper presented to the Board in March.

Action: Chief Executive

Draft Scheme of Internal Delegation – HES 007/17

16. The Chief Executive introduced a draft scheme of internal delegation for financial and non-financial matters. He noted that it sought to identify the appropriate level for decisions in the organisation, in a simple and useable format. The Board made a number of comments, including in relation to regulation, annual pay remit, reputational matters, submissions to Ministers, write-offs and whether the Scheme applied to HES Enterprises. There also appeared to be some inconsistencies within the Procurement table. These will be reflected in the next iteration of the Scheme.

Action: Chief Executive

Community Empowerment Act/Interim Policy HES 008/17

17. The Chief Executive introduced this paper, informing the Board that HES had an interim policy in place by 23 January 2017 which was a legislative requirement. An eight week long public consultation on the interim Asset Transfer Policy had commenced.

18. The Board welcomed the policy and commented on the quality and clarity of the document. The Board recognised the importance of resourcing this work appropriately, and recommended two amendments to the Asset Transfer Guidance document, firstly in relation to the description of properties, and secondly, the support available from HES to applicants. The Policy will be updated following the consultation period.

Conservation Area Regeneration Scheme (CARS) – HES 009/17

19. Thomas Knowles introduced this paper, asking the Board to approve the proposal for accepting 7 CARS grant awards, with total funding of just over £6 million. He also noted the intention to contact 6 other projects, which though initially rejected, should be encouraged to resubmit an application following feedback.

20. In approving the awards to the 7 projects, the Board emphasised the importance of ensuring the anticipated benefits from projects are realised, and that monitoring and evaluation should be an integral part of the grant process. Suitable publicity should be sought for announcement of the awards.

[Thomas Knowles left the meeting]

[Thomas Knowles joined the meeting]
2017-18 Marketing Campaign – Presentation

21. The Board welcomed Gillian MacDonald to the meeting. Gillian gave a presentation on the marketing campaign for 2017-18, focussed on HES sites. A range of marketing channels will be used, including traditional literature, and increasing use of digital and social media. Opportunities for partnership working would also be pursued.

22. Paul thanked Gillian for attending.

HES Enterprises Board – HES 010/17 + HES 011/17

23. Coinneach Maclean reported on the HES Enterprises (HESe) Board meeting held on 25 January. Trading performance to end December continued to be strong and ahead of forecast.

24. He informed the Board that two interesting sessions were held at the meeting, one with Gary Love around recruitment, which was progressing well for the summer season, and the other, a presentation from Alan Williams, National Collections of Arial Photography (NCAP) Operational Manager. The HESe Business Plan for 2017/18 had also been developed, and considered by the HESe board and SMT.

25. The Board questioned whether National Archives and Registration Administration (NARA) should be included on the HESe Risk Register. It was agreed that a report on NARA should be submitted to SMT and the HESe Board.

Action: Stephen Duncan

26. The next HESe meeting in April would be followed by a workshop led by ALVA, to which HES Board and SMT members would be invited.

Staff Governance Committee – Verbal Update

27. Ken Thomson gave an update on the meeting held on 1 February, which considered the draft People Strategy and Equalities Mainstreaming report and the action plan in response to the recent staff survey. He noted that good progress had been made on all three, with the People strategy and Equalities report due to be considered by the board in March. The staff survey would be undertaken every two years in future to allow the effect of actions to be evidenced.

28. The committee had a long discussion around sick absence particularly stress related absences. An action plan had been launched, and close attention would be given to this matter on an on-going basis.

Corporate Performance Report – HES 012/17 and presentation

29. Denise Mattison introduced the Corporate Report for the period to end December. She noted good progress on most KPIs, with a number achieved and actions in hand to address priorities at risk.

30. Karen Robertson presented the new dashboard reporting for Key Performance Indicators, in particular, the evidence base used to report on KPI progress. The Board welcomed the presentation and the visual means by which performance was presented.

Financial Statement to 31 December 2016 – HES 013/17

31. Jennie Smith informed members that HES is still expecting a healthy position at the end of the financial year. Commercial income continues to be strong, and directorate expenditure is on track.

32. Due to delays and a degree of uncertainty regarding the final outturn for the Engine Shed a provision of £1.7 million needs to be made. Discussion with Scottish Government and external auditors are in hand to discuss the technical issues.

Audit and Risk Committee HES 014/17

33. The new Chair of the ARC, Ian Brennan, informed the Board that it had been a very interesting first meeting and thanked other HES Board members, Jennie Smith and Carol Dowsett for their help.

34. The Committee had considered a number of matters including progress with internal audit reports, plans for the 2016/17 external audit and the corporate risk register. The Committee also considered and revised the ARC ‘Terms of Reference’. The Board approved these, with minor changes.

Corporate Risk Register HES 015/17
35. Denise Mattison introduced this paper by informing the Board that SMT have reviewed the risk register twice since the Board last saw it. She informed the board that controls were holding many risks steady, with actions in hand on a number likely to see improvement in risk score in the coming weeks.

36. In addition, and while two risks, relating to reputation and compliance had fallen below the threshold for escalation to the corporate risk register, SMT had agreed to retain these to ensure senior level review.

37. The Board asked that risk associated with HES' role as a regulator remain on the register, and that a new risk be defined in relation to longer term, external factors that might impinge on HES and our financial position.

   Action: Denise Mattison

38. The Board agreed that Risk Appetite should be included in the June Workshop, with consideration to be given to external facilitation.

   Action: Denise Mattison

Board Planning – Forward Planning HES 016/17

39. The following amendments are to be made to the forward plan:
   - Scheme of Internal Delegation and Equalities to be included in March
   - Focus on regulation and planning in May
   - Risk Appetite to be included in June workshop

   Action: Denise Lauder

40. On behalf of the board, the Chair recorded their thanks and appreciation to David Gaimster on his appointment as Director of Auckland Museum and departure for New Zealand. The Board wished him well for the future. David responded that it had been a privilege and a pleasure to be part of HES.

Date of Next Meeting: 29 March 2017, Room G9, Longmore House