



HISTORIC ENVIRONMENT SCOTLAND

MINUTES OF HES BOARD MEETING HELD ON 20 JULY 2020

VIA CONFERENCE CALL

Present:

Jane Ryder, Chair
Ian Brennan
Janet Brennan
Andrew Davis
Emma Herd
Terry Levinthal
Fiona McLean
Ian Robertson
Paul Stollard
Ken Thomson
Jane Williamson

In attendance:

Alex Paterson, Chief Executive
Barbara Cummins, Director of Heritage
Stephen Duncan, Director of Commercial and Tourism
Gary Love, Director of Corporate Services
Lisa McGraith, Director of Communications
David Mitchell, Director of Conservation
Lindsey Ross, Director of People
Donella Steel, Director of Finance
Alison Turnbull, Director of Development and Partnership
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. Apologies from Coinneach Maclean were noted.

Minute of 11 June Board Meeting and Action Tracker

2. The Board approved the draft minute of the June Board meeting. Members considered the Action Tracker, noting updates.

Chair's Update

3. The Chair noted that there had not yet been a response to the business case for additional Grant in Aid that had been approved by the Board and was submitted to Scottish Government on 8 June. Given the elapsed time the Board agreed that a follow-up letter should be sent as soon as possible, which would emphasise the importance of a swift decision or at least seek an understanding of the timescale for a decision.
4. The Chair confirmed that on 9 July the Board had a meeting dedicated to extensive consideration of proposals for site reopening in the context of current and foreseeable policy, financial and operating circumstances. The Board approved the proposals, namely, the opening of unstaffed sites from 15 July, the opening of the three major sites (Edinburgh, Stirling and Urquhart castles) on 1 August, and a further 23 ticketed sites to follow throughout August and early September. The remaining seasonal sites will not reopen this year. This plan has now been actioned.

Chief Executive's Report

5. The Chief Executive provided the Board with an update on a number of matters, including:
 - Following the agreement of the Board on the 9 July meeting to reopen some sites, external communications had issued on 13 July with a very positive response and wide coverage achieved;
 - The Chief Executive advised the Board on a delay to the conclusion of the 2019/20 HES and HESe annual accounts and progress on the process of resolving the going concern question. Due to their internal Covid-19 guidelines, auditors from Deloitte are not currently visiting client premises. For HES and HESe this means they will be unable to perform mandatory sample stock counts at sites in line with the timetable for finalising the accounts, which may in turn be subject to a limitation of scope qualification. The accounts will now be presented to the Board for approval in September. The Chair of the Audit Risk and Assurance Committee (ARAC) confirmed that the committee has been kept up to date with the delay and were content with the proposed timescale. Members of ARAC have received the draft accounts for review.
6. The Director of Finance introduced the Financial Report to 30 June. There is a slight year-to-date surplus against the six-month budget. The shortfall in Income is due to a lower draw down against SG funding. Commercial income is ahead of expectations, with expenditure and Grants accruals largely in line with the budget. The cash position has improved over the last month, and it is anticipated that not all of the Grant in Aid from Scottish Government will need to be drawn down in the first six months.
7. The Chair noted recent discussions on the appropriate level of detail to facilitate Board scrutiny of finances. It was agreed that three Board members, Andrew Davis, Emma Herd and Paul Stollard will liaise with the Director of Finance in advance of each Board meeting with the aim of providing assurance to the wider Board.
8. The Chief Executive gave an overview of the Covid-19 Reflections Report, which sought to capture the experience of the early weeks of the pandemic and considers lessons learned. Noting HES' successful handling of the situation, the Board noted the following points:

- There are a number of observations in the report that will feed into overall Business Continuity Planning. The role and responsibilities of the Board should be included within continuity planning and
- While the organisational response handled internal communications very well overall, further external communications would have enhanced the response.

An action plan will be developed to ensure the lessons are taken forward. In addition, recognising that we are only part way through the COVID-19 situation, the report should be revisited at the start of 2021 to reflect on the full crisis and lessons from the resumption period.

ACTION: Chief Executive

Resumption Planning Update

9. The Chief Executive introduced the update paper, which captures the wider picture of how resumption planning has evolved since the original plan was approved by the Board on 11 June.
10. Work on resumption planning has focused recently on preparations for reopening sites, including arrangements for online ticketing, the reopening of depots, offices and the retail warehouse, staff training and preparation, and development of marketing plans.
11. Moving to the annexed pricing paper, the Chief Executive outlined the proposal to offer a modest reduction in ticket price that would reflect the temporarily reduced visitor experience due to restricted or closed internal spaces at Edinburgh, Stirling and Urquhart castles from 1 August. Specifically, the full adult ticket prices would be discounted by 20%, with proportional reductions also being applied to the Family, Concession and Child tickets. The Board approved the proposals.
12. Board members noted the external communications planned for the opening on 1 August, including a possible involvement of Ministers. The Chief Executive will attend all three of the key sites to thank staff in the days leading up to the opening weekend. And the Chair and other Board member(s) will be available to visit on 1 August
13. Once reopened, all tickets must be pre-booked via online ticketing. Work is underway to facilitate a solution for those who do not have access to the internet. Any restrictions on access to certain areas will be made clear at the time of booking.

Phil Burnside, Corporate Projects Programme Manager, joined the meeting.

Programme for Success

14. The Chief Executive introduced the Corporate Projects Programme Manager, who delivered a brief status report on the Programme for Success.
15. The Programme's timelines and milestones have not been significantly impacted by Covid-19 to date, although there remains a manageable risk to resource prioritisation as resumption activities accelerate. Overall, the Programme delivery status remains rated as Amber, but with many indicators improving to Green.

16. Programme expenditure is within the agreed budget. An underspend is expected with the IT projects, largely due to a deliberate pause to some aspects to revisit original assumptions in light of Covid-19.
17. A single Project Manager has been appointed to oversee the Headquarters and Archives Projects, due to the high level of interconnectedness of the two projects. The Board noted that a number of options for these projects had been considered by the Corporate Programme Governance Board (CPGB). The Board supported the CPGB selection of the preferred option which will now form the basis for the preparation of a business case to be considered by the CPGB in October.
18. Ken Thomson and Emma Herd, Board members who attend the Programme Board, confirmed that they are impressed with the status of overall programme governance, particularly in terms of financial tracking and reporting on benefits realisation.
19. The Board thanked the Programme Manager for his helpful presentation and discussion, which had provided valuable assurance. The CPGB next meets on 20 October and a further update will be brought to the Board at their November meeting.

The Corporate Projects Programme Manager left the meeting

Amy Eastwood, Head of Grants, joined the meeting.

Towards a New Strategic Framework for Grants

20. The Head of Grants gave an overview of a proposed new strategic framework for grants, this reflecting a longstanding desire to reform and simplify the grants to maximise benefits and align with key strategic aims. She invited the Board's input to the process at this early stage, and to approve the draft objectives as a basis for development into a full draft strategic framework.
21. The Board welcomed the approach, offering the following feedback:
- A new strategic framework for Grants should be designed for a ten-year or similar timeframe, rather than focused on short-term Covid-19 recovery;
 - In developing the framework care should be taken to ensure it is well articulated with clear outcomes and KPIs, and has focus, avoiding becoming "all things to all people";
 - It will also be important to identify and work with key partners relevant to particular outcomes, for example, in relation to skills, climate change etc. Consideration should be given to who HES' strategic partners are in funding the historic environment, and in mapping their resources and priorities in relation to our own;
 - Thought should be given to whether the approach of funding repairs and / or maintenance in terms of which realises more benefits for the historic environment;
 - Thought should be given to the future of grants in the form of organisational support, ensuring that the criteria and decision-making process is transparent and applied fairly to all applicants.
22. The Board agreed that the draft strategic objectives outlined in the paper should provide a basis for the development of a new grants framework, noting that it will be important to focus on HES' core purpose. This will be presented to the Board later in 2020 and in the meantime the Head of Grants will liaise with Janet Brennan and Terry Levinthal to

facilitate appropriate Board input into the development process. The Scottish Government's agreement will also be needed for changes to the grants programmes.

ACTION: Director of Finance

The Head of Grants left the meeting

Ricki McLaughlin, Head of Internal Audit and Business Improvement, joined the meeting.

Internal Audit and Business Improvement Plan

23. The Head of Internal Audit and Business Improvement presented the report, which provides the Board with an overview of the Internal Audit and Business Improvement Plan for 2020-21 and the approach to delivery of Internal Audit services in response to the impact of Covid-19. An earlier version of the Plan had been previously considered by ARAC.
24. Members commended the acknowledgement of the disruption caused by Covid-19, necessitating in some instances a departure from the standard approach to internal auditing, and noted the fluid boundary between consulting and assurance. The Board approved the proposed Plan
25. An update on the plan's progress should return for Board awareness beyond the initial six-month period when a clearer picture of the new 'business as usual' emerges.

The Head of Internal Audit and Business Improvement left the meeting.

Human Rights Approach to Equality

26. The Director of Development and Partnership gave an overview of the paper, which summarises the work taking place within HES in response to contested, or underrepresented histories, areas of HES work in which an enhanced focus could be applied and seeks Board and Staff Governance Committee engagement at this early stage.
27. Members commented on the appropriateness or otherwise of an advisory group given the wide range of interests covered by the scope of the paper. In addition, the Staff Governance Committee should be sighted on the proposed equality outcomes consultation.

Historic Environment Scotland Enterprises (HESe) Board

28. Ian Robertson, Chair of the HESe Board gave an overview of the 3 July meeting, an additional meeting convened to further discuss HESe's six-month plan, as well as the liquidity, legal and audit position.
29. The HESe Board had discussed the possible conflict of interest in Members of both the HES and HESe Board and had considered legal advice on the topic.

30. In the context of the resumption of retail and catering, the Board noted the scale of income projected and confirmed that it was appropriate for this to take place having considered various relevant implications associated with HESe financial situation.

Staff Governance Committee

31. Fiona McLean, Chair of the Staff Governance Committee, gave the Board an update of the last meeting of the Committee on 19 May, noting that circumstances have moved on significantly since that date. Among the headlines considered by the Committee were excellent progress on the gender pay gap. The Committee will meet again on 17 August.
32. The Chair thanked members of the HESe Board, Audit Risk and Assurance Committee and the Staff Governance Committee for their extra input and time during the ongoing situation.

There followed a closed session of the Board and Chief Executive