



HISTORIC ENVIRONMENT SCOTLAND

MINUTES OF HES BOARD MEETING HELD ON 23 SEPTEMBER 2020

VIA CONFERENCE CALL

Present:

Jane Ryder, Chair
Ian Brennan
Janet Brennan
Andrew Davis
Emma Herd
Terry Levinthal
Coinneach Maclean
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
Andy Gibb, Head of Finance (part)
Pat Kenny, External Auditor (Deloitte) (part)
Denise Mattison, Head of Corporate Analysis and Performance (part)
Craig Marshall, Head of Financial Business Support (part)
Susan McMillan, Corporate Analysis & Performance Analyst (part)
Chiara Ronchini, Policy Manager (part)
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. Paul Stollard noted that he had joined the Finance and Resources Committee of the Iona Community, which should be noted in the register of members' interests.

Minute of 13 August Board Meeting and Action Tracker

2. The Board approved the draft minute of the August Board meeting with minor amendments. Members considered the Action Tracker, noting progress and agreeing to close a number of entries which had become standing items.

Chair's Update

3. The Chair noted the new Covid-19 restrictions announced the preceding day by the Scottish and UK governments. While the specific guidance issued does not restrict any current HES activity, the societal impact of this development may have a bearing on HES' medium and long-term plans. The Chair asked the attendees to be mindful of how this may influence the assumptions in the papers presented.

Chief Executive's Report

4. The Chief Executive provided the Board with an update on a number of matters, including:
 - While a full Corporate Performance Report will be presented at the October Board meeting, progress to 31 August indicates good performance against the actions in our 6-month Action Plan. Financial data for the same period indicates year to date performance ahead of the approved budget.
 - Accounts for HES and HESe have been finalised, and the HESe loan has been concluded and paperwork completed.
 - The planned programme of site re-openings has concluded, with the final tranche opening during the week commencing 14 September. While it is difficult to benchmark under current circumstances, the early numbers against capacity at the main three sites are very positive. Visitor feedback has indicated a high level of satisfaction with safety measures.
 - Scottish Government has asked HES to deliver a new £2.6m Historic Environment Recovery Fund. Details are still under discussion, with launch of the fund expected in early October.
 - Members discussed measures in place to support staff wellbeing, noting the live staff pulse survey and forthcoming 'Headspace' wellbeing app. The Board heard that 60 staff members remain on furlough, most of whom work at sites which will not reopen this year. The Board noted that this is a long period off work, and received assurance that efforts are under way to resolve the situation, in the interests of both staff wellbeing and productivity.
 - The Board discussed the requirement for hospitality venues and similar providers to ensure staff and visitor safety, noting that the Minimum Operating Standards places HES in a very good position in this respect.
 - Members noted sector concern about aspects of the United Kingdom Internal Market Bill, particularly around Building Standards, and reflected on wider implications the Bill may have on the regulatory landscape. This issue will be monitored.

Annual Report and Accounts

Pat Kenny and Andy Gibb joined the meeting

5. The Director of Finance introduced the Annual Report and Financial Accounts for 2019/20, noting the successful year, both in terms of financial outturn and corporate performance. She thanked the Finance team for their work on the accounts in very challenging times.
6. The Chair of ARAC confirmed that the draft report and accounts had been reviewed in detail by ARAC on 14 August, and that the Committee recommended them for the Board's approval.
7. Pat Kenny, external auditor from Deloitte, advised the Board that they had completed a quality audit notwithstanding the circumstances due to Covid-19 and that he was content to sign-off the accounts with a modified opinion. This is considered a technical qualification due entirely to Covid-19 restrictions preventing checks on physical stock levels and is no reflection of the financial management within HES. The 'emphasis of matter' in terms of estate valuation is common to many organisations at this time, and members confirmed their experience elsewhere. The auditor congratulated HES on the very strong leadership, financial management, risk management, best value and other measures outlined in the ISA 260 report. He noted that such comments are not made lightly and reflect very well on HES.
8. Turning to the report on going concern, the Board considered the evidence for the going concern basis of HES which had earlier been discussed in detail by the Board in the course of considering the case for additional funding submitted to Scottish Government. Pat Kenny confirmed his agreement with the conclusions in the report, indicating that a very thorough analysis had been carried out by Deloitte, including consideration of the discussions with Scottish Government. The Chair of ARAC confirmed that the matter had received detailed consideration by the Committee, and that they too concurred with the findings of the report. On the basis of the discussions held and assurances given, the Board confirmed that they were currently satisfied with the issue of going concern.
9. The Chair raised the question of whether the scale of impact of Covid-19 on HES income constitutes a notifiable event that should be disclosed to OSCR. The Chief Executive and external auditor agreed that this does not constitute an event requiring notification, however the Board may choose to do so. The Board carefully considered the matter and delegated authority to the Chair to make a final determination.
10. Board Members approved the Annual Report and Accounts, granting authority to the Chair and Chief Executive to sign them on behalf of the Board. They also delegated authority to the Chief Executive to sign the Letter of Representation with a minor addition.
11. The Chair thanked Pat Kenny for the helpful audit report and congratulated the Finance team for their work in delivering the Accounts on time in challenging circumstances.

Pat Kenny and Andy Gibb left the meeting

12. Turning to the ARAC Chair's Annual Report, Ian Brennan noted a very successful year, covering a period largely prior to the Covid-19 situation.

13. Summarising the highlights of the committee's activity over the year, Ian commended the effective operation and the open and transparent discussion conducted by the group.
14. He acknowledged the contribution of former members of the Committee Ian Robertson and Trudi Craggs, and welcomed the appointment of Andrew Davis and retention of external member Wendy Ferguson. The Board noted the findings of the Chair's Annual Report and thanked Ian for his summary.

Minute of the 14 August ARAC Meeting

15. Ian Brennan, Chair of ARAC gave an update of the discussion of the meeting of 14 August. A significant proportion of the meeting was dedicated to the detailed examination of the draft Annual Report and Accounts, the conclusions of which were outlined in more detail earlier in the meeting.
16. The Committee also considered the quarterly Risk Report, examining the risks that have arisen as a result of the Covid-19 situation, and had received an update on Internal Audit and Business Improvement progress.

PIC Annual Report

17. The Director of Conservation presented the Board with the 'Properties in the Care of Scottish Ministers, Annual Report 2019-20'. This is due to be published in fulfilment of the Scheme of Delegation reporting requirements.
18. The report is an account of HES investment and activity relating to the Properties in Care. The format has evolved over the last few years to reflect the structure and themes of successive corporate plans, and this iteration has been structured around the five outcomes in our new Corporate Plan.
19. Members acknowledged that the material referenced in the report largely relates to the period before Covid-19 and demonstrates a very successful year. The following points should be considered for future annual reports:
 - While it is good that the report paints a positive picture, there is scope to acknowledge that challenging decisions are required in terms of investment and prioritisation of activity.
 - Further acknowledgement should be given to the impact that PICs have on local communities, particularly if there are long-term site closures.
 - There is scope to include more information on the collections associated with PICs
20. Members discussed the timing of the report's publication, which should ideally be aligned with the publication of the Annual Report and Accounts. Subject to clarification of Audit Scotland's likely timescale with the Accounts, a lengthy delay in publishing the report should be avoided, and a timescale of mid-October was appropriate.
21. The Board thanked the Director of Conservation for the report, commending the team responsible for its development. As small number of amendments will be made to the report to reflect Board comments and clarify some points prior to publication.

ACTION: Director of Conservation

Action Plan and Budget

22. The Chief Executive introduced the draft Action Plan for the second half of 2020-21. This follows on from the first six-month action plan, implemented rather than an Annual Operating Plan due to the Covid-19 outbreak and subsequent lockdown. While the first plan focused on responding to the crisis and maintaining critical activities in the immediate term, the second will focus on laying the groundwork for longer-term recovery and reimagining while continuing and developing our core activities. He also noted that given the unusual circumstances of having two plans within a financial year, work was underway to develop a composite approach to enable year end reporting.
23. The Board discussed the draft Action Plan, offering the following feedback:
- The Board noted that the intended audiences included Scottish Government, internal staff and the wider sector, to whom it is hoped the plan will demonstrate our priorities and gather support.
 - The Board suggested that the theme of reimagining could be made more explicit in the document.
 - There would be merit in outlining what we will not be doing as a result of the prioritisation process. Some actions might benefit from some minor rewording. It would also be useful to identify actions that will be deliverable in the next six months and those which have a longer timeframe.
 - Members reflected upon the approach taken in the Plan to mapping each action to a corresponding KPI. While a different layout to a normal Annual Operating Plan, it was considered appropriate, noting that the link between actions and KPIs had been maintained. However, there should be a clearer link between the activity undertaken under the first Action Plan and this second plan
 - While the plan covers equalities, this is predominantly focused on the development of new equality outcomes. An additional action will be added to reflect HES' important ongoing work in this area. The action in relation to HES Gaelic Plan will also be clarified.

ACTION: Chief Executive/Director of Finance

24. The Board approved the draft Action Plan, subject to amendments to address the points listed above. This will be published in early October 2020.

The Director of Finance introduced the accompanying proposed budget for the 2020-21 financial year, based on the revised funding provided by Scottish Government. The budget has been designed with the primary aims of making the necessary prioritisation decisions given the availability of funding, and to lay the groundwork necessary for HES' longer term sustainability and ambitions as set out in the Action Plan.

25. The Board received assurance from the Board Finance working group that the assumptions in the budget had been explored and tested and were sensible, and on that basis recommended that the Board support the proposed budget.
26. The Board discussed financial reporting, discussing the level of detail and granularity of data required in order to provide the necessary insight. Current data breaks down spending by Directorate, but this should be expanded to include a second level allowing for a greater read-across to corporate objectives which will require cross-departmental activity. The Board requested greater detail of investment spending, including full costs/budgets over the lifetime of investment projects.

27. Members acknowledged that the implementation of CMIS will help to facilitate these requests. There will be incremental improvements in reporting throughout the remainder of the current financial year, leading up to a draft 2021/21 budget which meets Board requests for visibility and read-across with activity. The Board emphasised that meantime, an agreed proforma for future financial reporting could be developed.

ACTION: Director of Finance

28. The Board approved the draft budget.

Our Place in Time (OPiT) Update and Annual Report

29. The Director of Development and Partnership gave an introduction to the draft 2020 OPiT Performance Report which shows the sector's progress in delivering OPiT for the period April 2019-March 2020. She also introduced the summary of activity by the various OPiT working groups over the last six months and invited the Board to consider what potential changes in focus or to the delivery model may be required in the context of COVID 19 and the recovery agenda.

30. HES is responsible for leading and enabling delivery of OPiT under the oversight of Scotland's Historic Environment Forum (SHEF), chaired by Cabinet Secretary Fiona Hyslop. OPiT delivery has been significantly impacted over the Covid-19 period and as attention turns to recovery and renewal, change and reprioritisation are likely to be required.

31. Members discussed the Annual Report, commending the very helpful summary of activity. There is scope to strengthen the position of equalities and inclusion in OPiT going forward and this will be reflected in the 'looking ahead' section. Comments will also be added on how the two indicators assessed as "amber" could be progressed.

32. Subject to the amendments noted above, the report will be passed to the Cabinet Secretary for her approval and publication online.

ACTION: Director of Development and Partnership

Reimagining

33. The Board noted the proposed 'Planning for a Different Tomorrow' workplan that HES will adopt to structure the planned reimagining of the organisation and its activities, noting that the plan is in line with high-level principles agreed at the August Board meeting.

34. The Board and Senior Management Team held a strategy discussion based around a PESTEL analysis.

Board Forward Planning

35. The Chair referred to the circulated paper, which provides a Forward Look across Board business, with a particular focus on the next six months. The Board noted the updated

template for the annual cycle, populated with the main items of business anticipated over the period and which sees meetings alternate between business and strategy formats.

36. While the previous day's announcement regarding tightened Covid-19 restrictions may mean that holding a face-to-face meeting is more challenging, the Board noted the desirability of holding an in-person strategy session, ideally in November. Options will be explored.

There followed a closed session of the Board and Chief Executive