



HISTORIC ENVIRONMENT SCOTLAND

MINUTES OF HES BOARD MEETING HELD ON 14 DECEMBER 2020

VIA CONFERENCE CALL

Present:

Jane Ryder, Chair
Ian Brennan
Janet Brennan
Andrew Davis
Emma Herd
Terry Levinthal
Coinneach Maclean
Fiona McLean
Paul Stollard
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

The Chair welcomed everyone to the meeting. Apologies were noted from Ken Thomson and Ian Robertson. Terry Levinthal declared a potential conflict of interest as he knows one of the parties undertaking the current review of the CARS grant scheme mentioned in the Chief Executive's Report. This was noted and agreed that it did not impinge on any of the items for discussion.

Minute of 22 October Board Meeting and Action Tracker

1. The Board approved the draft minute of the October Board meeting and noted progress against a number of items on the Action Tracker, some of which will now be closed.

Chair's Update

2. The Chair offered an update on a number of matters, including:
 - The Board have considered in detail, revised and approved HES' Spending Review Business Case for 2021/22. This has now been submitted to Scottish Government.
 - HES has submitted a report to OSCR, which included a full report on our operational and also governance response to Covid19. This is both good practice and a useful exercise to make available to our auditors.
 - Since the October meeting, the Board and staff have had two strategy sessions considering Reimaging for the future, including aspects of how we manage Properties in care as well as wider issues.
 - One workstream identified is reviewing corporate governance. This will be taken forward via a Chair's Committee which will make recommendations to the full Board. including arrangements for a new Finance Committee. The first meeting will be early January.

3. The Chair noted that this would be Coinneach Maclean's final meeting as a Board Member. On behalf of the Board and staff, she thanked him for his work and contribution to HES since his appointment in 2015, notably as Chair of the HESe Board and in championing Gaelic within the organisation.

4. The Chair also congratulated the HES Information Governance Team on their recent success in gaining the Information and Records Management Society's Team of the Year award. The team will be invited to give a short presentation of their work to the Board early in the New Year.

ACTION: Board Secretariat/
Director of Finance

Chief Executive's Report

5. The Chief Executive provided the Board with an update on a number of matters, including:
 - The quarterly meeting with the Cabinet Secretary took place on 09 December, where they discussed the impact of Covid-19 on HES, and the recently submitted Spending Review Business Case.
 - Given the on-going COVID-19 implications a Covid Continuity Group has been established and is overseeing HES response to matters which arise. Having been closed under Level Four restrictions, a number of sites in West and Central Scotland have now reopened. These closures, together with other recent restrictions in England and elsewhere have had a negative impact on visitor numbers. The Chief Executive also updated the Board that sites which normally open on 01 January will not do so this year.
 - The recent staff survey has had a good response, with the engagement score up. The results will now be analysed and the conclusions considered in due course.

- The Director of Corporate Services confirmed that no significant health and safety matters necessitating reporting to the Board had arisen over recent months.
6. Turning to the Financial Statement to 31 October 2020, the Director of Finance gave an overview of the figures contained in the paper, which includes a breakdown of budget/expenditure by Directorate. The year-to-date position is below budget, with break-even forecast for the year end. The Director of Finance emphasised the degree of uncertainty posed by the very volatile conditions, particularly in terms of commercial income.
 7. Members of the Finance Working Group confirmed their comfort with the figures presented. Given the volatility of the commercial environment, a clearer insight into the figures produced by the commercial team will be helpful. For future reports, the Director of Finance will explore presentation of past years' figures for comparison.
 8. The Board confirmed their approval of the request to increase the Operational Expenditure budget by £0.5m following receipt of an additional £0.5m Capital DEL from SG to support the grants programme. HES had previously allocated this sum to grants from HES Resource DEL to support grant recipients experiencing increased costs.
 9. Members noted the Corporate Performance Report from 1 October to 30 November, and the proposed success criteria for the second Action Plan 2020/21. The Board were content with this as presented.
 10. In endorsing the approach outlined for the development of the Annual Operating Plan 2021/22, Members indicated that it would be important to recognise the impact of COVID-19 and the Re-Imagining work undertaken by HES. In addition, and recognising that 2021/22 would be the final year of the current Corporate Plan, Members reflected that a refresh rather than a major revamp seemed appropriate. Fiona McLean and the Director of Development and Partnership will consider this further and make a recommendation to the Board.
 11. The Board considered the briefing on Brexit preparations, noting a number of areas in which HES might be affected. Work to anticipate and resolve issues such as supply chain difficulties and staff related matters had been undertaken and a watching brief was being maintained on issues such as state aid. There should be a briefing in the New Year once the outcome of negotiations was known.
 12. While awaiting any formal paper, Board Members briefly discussed the status of Mavisbank and the possibility of an application to the National Lottery Heritage Fund. The issues to be resolved remain as outlined when the Board were last invited to formally consider, and these and further issues were identified during the discussion. The Chief Executive will bring a detailed paper in the new year.

ACTION: Chief Executive/
Director of Heritage/Board Secretariat.

Archives Business Case

13. The Director of Heritage gave a presentation to accompany the business case for a solution for the storage and management of the HES archives at Archives House in Midlothian, including the physical specifications of the building, fire safety measures, staffing arrangements and external benchmarking.

14. Board members Janet Brennan and Andrew Davis provided comments on behalf of the Board, agreeing on the vital importance of the project but raising a number of questions about the proposals as they stand, in particular, aspects of the costs.
15. The Board discussed and heard comments from staff on the increase in budget required when compared to the capital cost noted in the business case to secure the lease on the property. However, Board members were not entirely persuaded by the arguments advanced for such a significant increase. In addition, costs associated with the public access at Longmore House and transition costs seemed high, while the Board had queries around the inclusion of new staff posts. The Board therefore asked that all costs be reviewed and that de-scoping options be considered that might reduce capital costs, recognising that in so doing, the environmental and climate standards might not be to the extremely high levels used in compiling the business case. It was noted that the business case did not cover the proposal for Heritage Hubs, for which the business case is now due to come to the Board in the new year.
16. The Board confirmed their agreement in principle that this is a vital project that must be prioritised and progressed. However, the Board could not approve the business case as presented. Staff were asked to consider Board feedback and bring a revised business case in due course.

ACTION: Chief Executive/
Director of Heritage

ARAC

17. Ian Brennan, Chair of ARAC, gave an update of the 18 November meeting. Focusing on the Internal Audit Update of Health and Safety Management, he highlighted that despite many positive comments regarding good practice, the report had concluded with a rating of limited assurance, which was perhaps surprising. The Director of Corporate Services outlined steps being taken to immediately address issues raised but ARAC will also enquire further with internal auditors about the limited assurance.
18. The Internal Audit Plan, when agreed by ARAC, will be circulated to the Board for approval intended for the February Board meeting. Meanwhile Board Members will be given access to ARAC and other committee papers.

ACTION: Board Secretariat

HESe

19. Coinneach Maclean, in place of the HESe Chair, presented the Board an update of the 18 November meeting, including:
 - Coinneach noted that the reduction in income was less severe than anticipated, with the full-year forecast in line with what had been budgeted. Work on list of properties had progressed, with further work underway to analyse which may have commercial potential.
 - Progress continues on the Commercial Strategy, with prioritisation of projects being the next step.
 - The first draw-down on the intercompany loan had been made, in line with the terms of the loan agreement. In future this will be noted in the Financial Statement.

- Paul Stollard attended the meeting in an observing capacity, ahead of taking up membership of the HESe Board.

There followed a strategy discussion with the Board and Senior Management Team, and afterwards a closed session of the Board and Chief Executive