



HISTORIC
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SCOTLAND

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EACHDRAIDHEIL
ALBA

MINUTES OF HES BOARD MEETING

HELD ON 20 NOVEMBER 2025

LONGMORE HOUSE, EDINBURGH

Present:

Sir Mark Jones, Chair
Ian Baxter
Gemma Butterfield
Andrew Davis
Susan Deighan
Joe Doogan
Emma Herd
Simon Hodge
Gary Jebb
Ann Leslie
Ray Macfarlane
Nkosana Mafico (part)
David Richardson

Apologies:

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In attendance:

Craig Marshall, Interim Director of Finance & Corporate Services
Lindsey Ross, Director of People
JE, Head of the Chief Executive's Office
ZB, Manager, Chief Executive's Office
Katerina Brown, Accountable Officer (part)
LM, Senior Audit Manager, Audit Scotland (part)
LD, Audit Director, Audit Scotland (part)
Roger Curtis, Acting Director of Operations (part)
Gillian MacDonald, Acting Director of Marketing & Engagement (part)
Elizabeth McCrone, Director of Heritage (part)
David Mitchell, Director of Cultural Assets (part)
Alison Turnbull, Director of External Relations & Partnerships (part)
SD, Corporate Governance Manager (part)
MS, Head of Legal (part)
CR, Scottish Government (part)
CG, Scottish Government (part)
SG, Head of Organisational Development and Wellbeing (part)
GT, Project Manager – NIP Team (part)

Introduction, Apologies, and Minutes of the Last Meeting

1. The Chair welcomed all attendees to the meeting, with a special welcome to colleagues from the Scottish Government. The Chair also extended a warm welcome to the two newly appointed Board members, Ray Macfarlane and Susan Deighan.
2. Ray Macfarlane declared an interest in items relating to the Royal Edinburgh Military Tattoo (REMT) and Edinburgh Castle, due to her Board membership at REMT.
3. The minutes of the Board meeting held on 21 August 2025 were approved, subject to amendments to the Audit, Risk and Assurance Committee Update.
4. The Chair reviewed actions from the previous meeting and acknowledged that there are outstanding items. He requested that these items be brought back to the next meeting for further discussion.

Action: CE Office

Matters Arising

5. The Board addressed the recent board member departures, expressing significant concerns regarding the circumstances, especially for being unsupported. Further discussion focussed on a resignation compelled by external pressure regarding a conflict of interest. Members questioned the handling of this matter, stating such conflicts are routinely managed professionally and expressed disappointment in the loss of a capable and enthusiastic member and his expertise.

Occupational Health and Safety, Fire, Physical Security, and Asset Management Compliance

6. The Chair of the Audit, Risk and Assurance Committee (ARAC) confirmed that the committee continues to receive monthly Occupational Health reports and has seen updates on specific actions. However, ARAC is still actively pressing for a clearer programme plan to achieve an overarching review of the current status.
7. The Board agreed that this item will remain visible on the Agenda, but updates would be provided via the Chief Executive's Update.

Katerina Brown, Audit Director and Senior Audit Manager from Audit Scotland joined the meeting.

Annual Report and Account 2024-25

8. The Board was asked to approve the annual accounts and the letter of representation. Despite the process being notably prolonged, the External Auditors are anticipated to issue unmodified opinions on the financial statements, a positive result. However, in the context of achieving full assurance, the Accountable Officer indicated that the level of assurances

received from several Directors was limited or partial across various control areas, and Internal Audit reported a similar limited assurance on overall progress.

9. The Board approved the Annual Accounts and Report for the financial year 2024-25.
10. The Board was advised that the Auditor General intends to issue a Section 22 Report alongside the accounts when laid before Parliament. The response to the draft report is currently under review and will be shared with the Board before it is issued.
11. The Board and the External Auditors conveyed their thanks to the Director of Finance and Corporate Services and his team, acknowledging the significant effort and strong collaboration that led to this successful outcome.
12. The Board noted the ARAC Chair annual report.

Katerina Brown, Audit Director and Senior Audit Manager from Audit Scotland left the meeting.

Roger Curtis, Gillian MacDonald, Elizabeth McCrone, David Mitchell, Lindsey Ross, Alison Turnbull, Head of Legal, Corporate Governance Manager joined the meeting.

Governance Training

13. The Board received a governance training session as part of the meeting.

Nkosana Mafico joined the meeting.

Head of Legal, Corporate Governance Manager left the meeting.

CEO Report

14. The CEO's report was compiled with input from the Executive Leadership Team. The Board noted the updates provided in the report and focused its discussion on several key areas, asking questions and seeking clarification on site management, commercial performance, and strategic projects.
15. As part of the CEO Update, the Board noted the current risk position of the organisation.

Roger Curtis, Gillian MacDonald, Elizabeth McCrone, David Mitchell, Alison Turnbull left the meeting.

Scottish Government representatives joined the meeting.

Chair's Update

16. The Chair provided a brief update on the ongoing recruitment of the Interim Chief Operating Officer (COO) role.

17. The Board discussed the need for a review of the organisation's structural and cultural issues. It was agreed that the review must be led by an individual who is independent of the current management, possesses relevant experience, and has a sufficient public profile to ensure complete impartiality and integrity. The review must maintain speed and use focused Terms of Reference to avoid becoming a prolonged process.

Financial Performance to 30 September 2025

18. The Director of Finance and Corporate Services provided an update on financial performance to date. HES was £2.3m behind budget at the end of August (neutral when adjusted for Grant in Aid drawdown), mainly due to income shortfall and increased salary costs. Prior to implementing savings and efficiencies, the full-year forecast was a deficit of £4.4m. Planned savings should eliminate the deficit by the year end.

19. The Board noted the current financial position.

Corporate Performance to 30 September 2025

20. The Director of Finance and Corporate Services updated the Board on the corporate performance to date. Of the 30 Operating Plan 2025-26 actions, 22 (73%) are on track to be 'Achieved', 5 (17%) are 'At Risk' and 1 (3%) is 'Likely Not to Be Achieved'. There is also 1 (3%) action that is 'Fully Achieved' and 1 (3%) action that is 'Not Achieved'.

21. The Board noted the current position.

Corporate Plan: Key Performance Indicators Year 1 2025-26 Mid-Year Report

22. The Director of Finance and Corporate Services presented a report outlining performance against the Key Performance Indicators linked to the ten Corporate Plan outcomes. At the mid-year point of Year 1, seven outcomes were assessed as On Track (Green), while three were identified as At Risk. The Board discussed the three outcomes marked as At Risk in detail, considering potential mitigation measures and next steps.

23. The Board noted the current position as set out in the report.

Operating Plan Review and Budget 2026-27

24. The Board received an update on the review of the three-year Operational Plan (OP). It was noted that the OP is reviewed annually to ensure it remains relevant, viable, and continues to optimise delivery of the Corporate Plan outcomes.

25. The appointment of the new interim COO will guide further thinking on prioritisation for Years 2 and 3, particularly in light of delivery challenges and heightened organisational risks.

26. The Board also noted that the final draft of the Budget has been deferred until the new year to allow time for reflection on current challenges and to ensure the involvement of the incoming COO in the planning process.

Head of Organisational Development and Wellbeing joined the meeting.

Staff Engagement and Well-being Survey Results

27. The Board reviewed the results of the latest staff engagement and well-being survey, which showed a concerning dip in overall engagement scores compared to previous years. The findings indicated a particular challenge in employee well-being and satisfaction, with an upward trend in staff absence statistics. The survey also highlighted a solid foundation in the quality of line management.
28. The Board emphasised the seriousness of these results. The People Director confirmed that the findings will immediately feed into the organisation's planned culture review and the People Strategy action plans. Immediate responses include increasing communication and leadership visibility, with the Executive Leadership Team (ELT) and the incoming Chief Operating Officer (COO) playing a critical role in demonstrating that the organisation is actively addressing staff concerns and prioritising workloads. Furthermore, it was recognised that a coordinated response across the organisation is essential, with operational managers' involvement being crucial to ensuring local accountability and effective implementation.

Head of Organisational Development and Wellbeing left the meeting.

Pay Negotiations 2025-26

29. The People Director presented a paper on the ongoing pay negotiations. After careful consideration, the Board approved the pay proposal as outlined in the report.

David Mitchell and Project Manager – NIP Team joined the meeting.

HES Vaults Projects

30. The Board received an update on the archives and collections storage proposals linked to the HES Vaults project. While the Board acknowledged the technical validity of the proposed "box-in-a-box" design, it was confirmed by Scottish Government Sponsor Team that a standalone storage facility would not receive Scottish Government funding. Any long-term solution must be developed in partnership with the wider Culture Cluster.
31. The Board recognised that developing a Cluster-based option will take time and that interim storage arrangements may therefore be required. These interim arrangements—likely located elsewhere in Scotland—may restrict public access to archives and collections for a period, which the Board want to minimise.

32. The Board agreed that HES should actively participate in discussions with the wider Culture Cluster to co-develop a viable long-term solution. To support informed decision-making, the Board requested a more structured and detailed proposal setting out the available options, estimated timescales, interim requirements, and associated costs.
33. The Board reaffirmed that the strategic direction should be aligned with a collaborative Culture Cluster model and not a standalone HES-only solution. There also may be opportunities to broaden the project's profile for future external funding.

David Mitchell and Project Manager – NIP Team left the meeting.

Head of Legal joined the meeting.

Various Approvals

34. The Board discussed the critical and urgent need to resolve the access issues for Mavisbank House. The Board agreed that HES should actively support the solution to enable access.
35. The Board approved the acceptance of a grant from the Arts and Humanities Research Council to fund the next phase of the Towards the National Collection project.
36. The Board approved a grant application on Dunyvaig Castle, confirming the decision is consistent with the mission to preserve Heritage properties regardless of ownership.
37. The Board reviewed a proposal for a contract extension with the current catering provider. The decision was deferred subject to further information.

Ray Macfarlane left the meeting.

38. The Board held a confidential discussion regarding a specific commercial and operational matter concerning the use of the Edinburgh Castle Esplanade.

Ray Macfarlane joined the meeting.

Committee Updates

39. The Chair of ARAC updated the Board on the committee's recent involvement in the annual accounts process and confirmed that recruitment is underway for an independent member.
40. Gemma Butterfield reported on behalf of the People Committee, highlighting key points from the most recent People Management Information report.
41. The Board approved the appointment of Nkosana Mafico as the Chair of the People Committee.

42. The Chair of the Finance Committee reported on actions from the last meeting, including the committee's involvement in the annual accounts process and consideration of archive solutions. The update also covered a report from the Project Management Office regarding the range of ongoing projects.
43. The Chair of the Heritage Assets Committee confirmed that the consultation on Properties and Collection Strategy has been successfully launched and is now in engagement mode. The St Andrews Stone Collection project has received an initial budget. The Committee noted a potential staffing challenge in the next phase of the Properties and Collection Strategy.
44. The Chair of the HESe Board reported that the income is higher than last year. Two areas were identified as falling slightly short of targets: NCAP due to e-commerce issues, and drop in corporate events. A new Project Programme Board was introduced to improve digital delivery and prevent a recurrence of e-commerce issues. Membership of the HESe Board was also discussed.

Future Dates

45. The Board reviewed and noted the schedule for the 2026 calendar year.

THERE FOLLOWED A CLOSED BOARD MEETING SESSION.