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ALBA

MINUTES OF HES BOARD MEETING

HELD ON 20 FEBRUARY 2025

LONGMORE HOUSE, EDINBURGH

Present:

Hugh Hall, Chair
Gemma Butterfield
Ian Baxter
Andrew Davis
Joe Doogan
Emma Herd
Simon Hodge
Gary Jebb
Ann Leslie
Terry Levinthal
Nkosana Mafico
Ann-Marie O'Hara
David Richardson

Apologies:

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In attendance:

Katerina Brown, Chief Executive
Stephen Duncan, Director of Marketing & Events
David Mitchell, Director of Cultural Assets
Lindsey Ross, Director of People
Craig Marshall, Interim Director of Finance & Corporate Services
Alison Turnbull, Director of External Relations & Partnerships
Craig Mearns, Director of Operations
Elizabeth McCrone, Director of Heritage (part)
CS, Head of the Chief Executive's Office
ZB, Manager, Chief Executive's Office
BT, Research Manager, External Relations and Partnerships
DM, Head of Corporate Analysis and Performance (part)
DR, Head of Health, Safety and Security (part)
SD, Corporate Governance Manager (part)
MS, Head of Legal (part)
RC, Head of Technical Resources (part)
BD, trove.com Product Manager (part)

Introduction, Apologies, and Minutes of the Last Meeting

1. The Chair welcomed everyone to the meeting. No apologies were received.
2. Two board members declared a conflict of interest; Terry Levinthal in the item on the Holyrood Park Strategy Plan Public Consultation given his employers involvement and Ann Leslie regarding the City Heritage Trusts given her company is planning to submit a small grant application.
3. The minutes of the Board meeting held on 20 November 2024 were approved. The Action Tracker was noted but request to combine linked actions was raised.

Action: Chief Executive's Office

Matters Arising

4. It was noted that the recent grant recommendation to the Architectural Heritage Trust had been approved by the Board by majority via correspondence and therefore recorded formally within the minutes as approved. It was noted however, that there had been several queries and comments from Board Members and that these should be responded to.
5. The Chair and the Board requested that the CE Office streamline the Board Pack to balance necessary detail with conciseness.

Chair's Update

6. The Chair and CEO attended the Public Sector Reform Summit, where discussions highlighted a strong drive and need for change across Scotland's public sector. Several actions are expected to follow. Attendees showed an interest in HES' new funding arrangements. It was agreed that CE Office would share the slides from the summit with ELT and Board when received.

Action: Chief Executive's Office

CEO Report

7. The CEO noted that she had now been in post for several months and so provided a more detailed report. She reiterated her focus on key issues: organisational culture, governance, and structure.
8. The CEO highlighted the key points of her report, with a focus on branding / identity and the ongoing challenges noted within.
9. She recognised a lot of work had been undertaken and emphasised that branding was high on the list for several reasons. Since taking up post, she had taken the opportunity to pause the launch, giving the organisation time to assess its position and to understand what the identity means today and how it can be taken forward. The Board noted that the work on brand had already been approved, subject to review by the new CEO. The Board requested that

they are kept informed. It was agreed that this would be added to the agenda for the March Board Strategy Day.

Action: Chief Executive's Office

10. The Board asked several questions, including those regarding the progress on Glasgow Cathedral, and Designation process review. The Board noted the current position on Dallas Dhu project.

Action: Chief Executive

11. The Board expressed an interest in the current position of Auchendrain and commented that it was good to see Pay and Grading and Space Review progressing.

12. The Board noted the CEO Report and the corporate risk position for Q4 2024-25.

Corporate Performance

13. The Board considered the mid-year results of HES' performance against the 27 indicators of the Annual Operating Plan. Of these, 2 are Fully Achieved (7%), 20 (74%) are On Track to Be Achieved, 1 (4%) is At Risk and 4 are Likely not to be Achieved (15%).

14. The CEO emphasised the need for focussing on more holistic stories, extending the focus beyond Edinburgh Castle and start working on a wider Edinburgh Plan, including Holyrood Park. While the Board recognised the importance of taking plans for the Castle forward in the context of wider plans/opportunities city-wide, this should not be at the expense of achieving progress on future master planning for Edinburgh Castle.

15. The CEO confirmed that over the next three years, ELT would work to address the planned incremental reduction in Scottish Government grant funding by increasing commercial income and reducing costs. The Chair emphasised the need to fully integrate the new business model across the whole organisation.

16. It was noted that there were a large number of project items identified for attention. It was agreed that these and the tracker of what needs to be done should be circulated to the Board.

Action: Chief Executive's Office

17. The Board noted the Q3 2024-25 Corporate Performance Report.

Financial Performance

18. The Director of Finance and Corporate Services took the Board through the financial performance to December 2024.

19. The Board noted the financial position as of 31 December 2024.

Head of Corporate Analysis and Performance and Research Manager joined the meeting.

Corporate Plan

20. Director of External Relations and Partnerships introduced the Corporate Plan. The Plan balances ambition with realism, and its delivery will be further detailed in the Operating Plan, with each Directorate aligning their own plans with it.
21. The CEO stressed the importance of actively promoting the Corporate Plan, ensuring it doesn't just sit on the website. The Board emphasised the need to inspire staff and provide a clear mandate for action. They suggested adding a one-page graphic to simplify key points for broader communication. This was planned as part of the promotional roll-out.
22. Board members raised questions on a few Outcomes that were discussed in more detail. The Board agreed to incorporate the feedback and emphasised the need for a strong communication plan, with both internal and external launches. The KPIs in the Operating Plan will be reviewed at the Board Strategy Day for further consideration.
Action: Chief Executive's Office
23. The Board approved the Corporate Plan, subject to the implementation of the agreed changes.

Research Manager left the meeting.

Draft Operating Plan 2025-28

24. The Board endorsed the proposed operating plan and recommended incorporating additional deliverables in key areas such as major projects, health and safety and grants to further enhance the plan's comprehensiveness.

Head of Corporate Analysis and Performance left the meeting.

Draft Budget 2025-26

25. The Director of Finance and Corporate Services presented the proposed budget.
26. The CEO acknowledged HES' high fixed cost base over the next three years, emphasising the need to identify savings that could be reinvested in priority areas. This approach was not about cutting costs but about fostering a mindset to achieve savings. The Chair agreed, highlighting the need to encourage both income generation and cost-saving efforts.
27. The Board noted opportunities for improvement in cost management across the organisation. The People Director explained that these areas are being addressed through the People Strategy, which emphasises risk management, and the 'Working and Growing' Initiative.

28. The Board also inquired about ring-fencing costs for the Archives Project. Director of Finance and Corporate Services noted that funding would be dependent on the future archive solutions, but funding pressure on this aspect remains a concern. The Chair encouraged the Executive Leadership Team to be proactive in maximising the impact and benefits of the new funding model.
29. It was noted that closer collaboration with the Historic Scotland Foundation (HSF) would be a feature of the new business model.
30. The Board noted that the final version of the 2025/26 Budget will be presented at the forthcoming Board Strategy Day for approval.

Elizabeth McCrone and Head of Health, Safety and Security joined the meeting.

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

31. The People Director reported ongoing progress, though full assurances are still pending.
32. The Chair of ARAC highlighted the need for a stronger reporting system and clearer resource articulation. Board members emphasised the importance of interim risk mitigation measures, clarity in risk escalation, cultural change, and the need to dedicate sufficient resources, including independent external expertise if required.
33. The Chair inquired about the timeline for assessing the organisation's vulnerability and the expertise required. It was explained that statutory compliance informs the Corporate Risk Register, aiding in risk mitigation. The team is leveraging internal experience and collaborating across directorates to ensure progress.
34. In response to a Board question, there was an explanation given as to why a system was important to help the reporting and management of risks, which the Board accepted. Director of Cultural Assets provided an overview of asset compliance, noting that risks were recorded and being managed, but further work was needed to reduce these to within risk tolerance. The Board was informed about the actions planned, including further analysis and the implementation of a system to enhance risk management.
35. As the Board supported the delivery plan and emphasised its priority, it was agreed that this matter should be a standing item and that ARAC would give it further consideration at its next meeting, with a subsequent progress update to the Board in May.

Action: Chief Executive's Office

Head of Health, Safety and Security left the meeting.

Archives Project

36. The Director of Cultural Assets provided an update, noting that the Printworks location was no longer an option due to the landlord selecting another tenant. The team is now exploring a potential lease extension for John Sinclair House and awaiting details.
37. Both the Chair and CEO expressed interest in exploring Archive House as part of the solution, considering the remaining five years on the current lease and the possibility of sub-letting.
38. The Chair highlighted the Scottish Government's initiative to divest leased and underused buildings, encouraging other public sector bodies to do the same. The Chair asked if this was something HES could explore to identify potential opportunities for further collaboration within the sector.
39. Board Members requested more information on the baseline requirements for the archive project, including different levels depending on the type of physical items. The Director of Cultural Assets confirmed that this information is available and will be circulated to the Board.

Action: Chief Executive's Office

40. The Board agreed that the lease extension for John Sinclair House should be pursued as an interim solution while a comprehensive long-term plan is being formulated.

PIC Strategy

41. The Director of Cultural Assets thanked the Board for giving their time and attending the recent workshops. This had been very much appreciated by the team. The Board's input helped firm up a number of issues and identified a few areas requiring additional work. Based on discussions with the Board, the team was able to establish and agree a timeline. On reflection, it was suggested that the timeline could be reduced by carrying out the consultation process over the summer months.
42. The Board noted the progress being made and endorsed the direction of travel, emphasising the importance of a concerted and collaborative effort across the Executive Leadership Team to secure a successful outcome.

People Strategy 2025-30

43. The Chair of the People Committee reported that the Committee had considered the People Strategy and welcomed its ambition to build on the foundations laid in the current 2020-25 strategy which will help bring about culture change within the organisation.
44. The Board was encouraged by the Strategy and was reassured to see that performance management was now addressed via the 'Working and Growing' initiative.

45. The Board approved the People Strategy.

2025-29 Equality Outcomes and Action Plan

46. The Chair of People Committee welcomed the report and highlighted the good work which had been done, not only within HES but throughout all HES related activity. The Board approved the 2025-29 Equality Outcomes and Action Plan.

City Heritage Trusts

47. Director of External Relations and Partnerships presented the paper and drew attention to the main highlights and assured Board Members that their comments had been taken on board and reflected in the final paper. The Board were informed that data gathering would be improved and reported to the Board annually.

48. Director of External Relations and Partnerships understood that Board Members had raised a number of questions in relation to the overall grant process and offered Board Members the opportunity of a deep dive if they would find that helpful.

49. The Board approved the paper and the direction of travel. However, the Board did not support or approve the proposed 10% increase to the CHT grant budget as it was unclear what the consequences would be for other grant recipients.

Head of Legal and Corporate Governance Manager joined the meeting.

Updates to Governance Papers

50. Corporate Governance Manager talked to the papers and highlighted the main changes and offered clarification on several minor points.

51. The Board approved the paper in full.

Head of Legal and Corporate Governance Manager left, and Head of Technical Resources joined the meeting.

Rock Risk Policy and Procedure

52. Director of Operations supported by Head of Technical Resources talked through the paper and provided details of the work being done and what was being proposed. It was noted that this was an innovative piece of work and not something replicated elsewhere. The policy was designed and informed using in-house geotechnical expertise. It offers a way forward and provides guidance on the categorisation levels of risk to be considered when making decisions on public access to HES sites and properties.

53. The policy categorises risk as unacceptable, tolerable, or acceptable. The discussion highlighted that a tolerable level of risk does not mean that HES

will tolerate it. The Board received reassurances that all reasonable precautions would be in place to mitigate risks, but it was acknowledged that zero risk is not achievable in a natural environment. The Board accepted this explanation and confirmed their willingness to increase the risk appetite to that level.

54. There was some discussion on the implications of applying the policy to HLM risk. The Head of Technical Resources explained that the built environment is covered by a higher level of compliance compared to the natural environment. Therefore, while the principles might be applied, it would require a separate policy.

55. The Chair noted that a comprehensive report on lessons learned from our extensive work on HLM inspections is available and requested that ARAC should consider the HLM risk policy in the first instance and thereafter report back to the Board.

Action: ARAC Chair

56. Several further questions were raised by the Board and answered, including the impacts of natural disasters to the baseline, and the implications of the policy for other bodies and private owners.

57. The Board approved the Rock Risk Policy including the delivery and application.

Head of Technical Resources left the meeting.

Commercial Systems

58. Director of Marketing and Engagement outlined the background and the rationale behind the need to introduce a more modern and fit for purpose system. It was noted that the replacement system was a complex piece of work which had to take into consideration a number of different regulatory obligations.

59. The Chair of the Finance Committee commented that the paper had been considered by the Committee and that they were content to recommend it for approval.

60. The Board approved the business case to replace our commercial system.

Edinburgh Castle Toilet Refurbishment

61. Director of Operations outlined and gave the background to the project and explained that this was the first significant step and a standalone element of the Edinburgh Castle Masterplan.

62. The Board was supportive of the suggested improvements but had a few reservations and requested further clarification. The Chair of the Finance Committee commented that the Committee was supportive of the first-class facilities. However, the Committee's main concern was around any potential

reduction in capacity or impact on the current congestion in what was already a very congested area of the Castle.

63. The Committee and Board sought assurances that the project would not further contribute to the existing pressure point in visitor flow. The Director of Operations undertook to come back with projected figures on time and impact on visitor flow.

Action: Director of Operations

64. The Board, although supportive in principle, could not approve proceeding with the project until the assurances sought were provided.

Anne-Marie O'Hara and Alison Turnbull left the meeting.

Committee Updates

65. The Chair of ARAC reported on the work carried out on business continuity, risk appetite and governance, and noted a change in personnel for the External Auditor.
66. The Chair of the Finance Committee reported that all their business was covered during the meeting and had nothing further to add.
67. The People Director reported on the progress regarding Pay and Grading.
68. The Chair of the HESe Board reported on changes to the HESe Board and plans for greater alignment with HES and the Corporate Plan. Updates to the Terms of Reference and the operating agreement are required to bring them up to date. An invitation was extended to Board members to attend future HESe Board meetings.

Any Other Business

69. A number of items discussed during the meeting had been added to the agenda for the Board Strategy Day. The Chair asked Board Members to e-mail any other items they would wish included.

Emma Herd left the meeting.

Trove.scot Demonstration

70. The Board received a presentation and demonstration on the new trove.scot platform. This was well received, and the Board congratulated the Director of Heritage and the Product Manager for the excellent presentation and the considerable work that had clearly been undertaken to deliver on this vital project.

Action: Chief Executive's Office

71. In a slightly related question, a Board Member asked if HES had considered introducing charges for any of the services provided in respect of Planning Services. The Director of Heritage reported that this was kept under active

review. However, the numbers so far were so small, it would not be cost-effective to do so.

Meeting closed.