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MINUTE OF HES BOARD MEETING HELD ON 16 FEBRUARY 2023

LONGMORE HOUSE, EDINBURGH

Present:

Hugh Hall
Ian Brennan
Janet Brennan
Andrew Davis
Emma Herd
Terry Levinthal
Ian Robertson
Fiona McLean
Paul Stollard

In attendance:

Alex Paterson, Chief Executive
Stephen Duncan, Director of Marketing and Engagement
Elly McCrone, Director of Heritage
Craig Mearns, Director of Operations
David Mitchell, Director of Cultural Assets
Suzanne Casey, Head of CEO Office
Jules Davidson-Welch, Manager, Chief Executive's Office
Audrey Jones, Head of Hospitality and Events (part)
Karen Scrymgeour, Solicitor, (part)
George Findlater, Head of Community and Economic Development (part)

Introduction, Apologies, and Minute of the Last Meeting

1. The Chair welcomed everyone to the meeting. Apologies were noted from Lindsey Ross, Director of People, and Alison Turnbull, Director of External Relations and Partnerships. Janet Brennan joined the meeting after the Chair's Update.

The minutes of the Board meeting held on 24 November 2022 were approved. The Chief Executive provided brief updates on training for vehicle movement and admissions pricing from the previous meeting. Turning to the Action Tracker, the Chair noted that progress on the PiC Strategy will be discussed at the March strategy meeting and an update on the digital strategy in May. Arrangements for the proposed Peer Review of HLM will be discussed by David Mitchell and Paul Stollard.

Matters Arising

2. The Chair led the Board in expressing their sadness at the news of Jane Williamson's death. Ian Brennan and Paul Stollard, who had represented HES at her funeral, observed that it had been a very moving occasion.

3. Members noted that the revised Corporate Risk Policy and Strategy papers are due to be considered by ARAC this week and will be circulated to the Board in due course.
 - The Board formally homologated their approval for the grants awarded to Glasgow City Heritage Trust and Edinburgh World Heritage, noting that this does not require further approval from Scottish Government. Papers had previously been circulated to the Board.

Chair's Update

4. The Chair updated the Board on the recent recruitment exercise for new Board Members. The panel had identified eight appointable candidates of very high quality, of which six have been put forward to the Minister for appointment, and the other two may be invited to become involved in other capacities.
5. The Chair will confirm the names of the new members as soon as the Minister confirms his approval, with an aim to them taking up their appointments later in March.
6. Further consideration of handover periods with the outgoing members is required.
7. The appointment of new Members will also be an appropriate opportunity to review the membership of Committees.
8. The Chair reported that he had accompanied Craig Mearns on a number of very positive site visits, and encouraged other members to do likewise.

Janet Brennan joined the meeting

Chief Executive's Update

9. The Chief Executive highlighted a number of matters which supplement the written report, including;
 - He and the Chair had attended a meeting with Neil Gray, Minister for Culture, Europe and International Development on 19 January, in which thinking around a new business model was discussed. The Minister indicated his support and enthusiasm to explore this further.
 - Since the last Board meeting HES had received confirmation of funding for 2023/24 as part of the Scottish Budget. He noted the good outcome for the organisation at a time of public finance challenges. Further details are provided in the separate budget paper.
 - Since the last Board meeting, the Castle of Light event had taken place which had been a success. A recent presentation on Castle of Light given to the HESe Board will be circulated to members.

ACTION: Stephen Duncan / Board Secretariat

- As part of a renewed focus on Parliamentary engagement, HES had hosted a drop-in session for MSPs on 12 January, and over 20 members had attended.

- PCS union had held a strike on 01 Feb, which had resulted in the closure of four sites and a slightly reduced visitor offer at Edinburgh Castle. A second strike has been announced for 15 March.
- Collections and other teams from across the organisation are heavily involved in preparations for the forthcoming Coronation, particularly in terms of arrangements for the Stone of Destiny and associated events that are being held in Scotland.
- Members welcomed the initiative to provide free entry on certain Sundays during the winter months, which is currently being explored, encouraging careful communications to reach groups of people who would not normally have been visiting.
- The draft of the Gaelic Language Plan, currently being prepared for consultation, will be shared with the Board.

ACTION: Alison Turnbull / Board Secretariat

- Members noted the two RIDDORS health and safety incidents that had taken place during the preceding quarter. Particularly relating to the more serious of the two incidents, Lindsey Ross will ensure that full reviews have been undertaken and any lessons communicated.
 - The Board noted that the forthcoming end of Paul Stollard's appointment would necessitate the selection of another member prepared to cover Health and Safety matters. This will be considered further at the next Board meeting.
10. The Board heard an overview of the Financial Statement position to the end of December 2022. Since the quarter two update, the surplus position has increased, down to a number of factors including continued strong commercial performance against budget. Additional spend was approved to bring down the surplus to reach breakeven by end financial year.
 11. Emma Herd, Chair of the Finance Committee confirmed that that the Committee had considered the report earlier this month. She confirmed their view that this was an overall favourable position and commended the analysis to the Board.
 12. Turning to the quarterly Corporate Performance Report to the end of December 2022, the CEO reported that of the 28 indicators, 20 are on track, three achieved and four at risk (data is not available for one). The Board noted progress against the 'at risk' indicators.
 13. The Board welcomed the Heritage Crime report, supporting the desire to engage with local communities in efforts to reduce crime.

Draft Budget 2023/24

14. Donella Steel presented the draft Budget, which focuses on investment in the PIC estate, returning Grants to pre-Covid levels, and core business in support of the Annual Operating Plan, while remaining within the available resources.

15. Emma Herd, in her capacity as Chair of the Finance Committee, confirmed that the committee were comfortable with the draft including the assumptions made, and Board members commended the plan to return Grants to previous levels. A briefing will be prepared and circulated on anticipated levels of demand for Grants.

ACTION: Director of External Relations and Partnership

16. Board members asked a range of questions on points of detail, including staffing costs and the impact of raising visitor capacities at key sites.
17. Given the interrelated nature of the Budget and Annual Operating Plan, the Board moved on to consider the latter prior to confirming their approval of the draft Budget.

Draft Annual Operating Plan

18. Donella presented the draft Annual Operating Plan for 2023/24. This follows on from the Board's consideration of an earlier iteration at their 24 November meeting, where members had provided feedback on the six priorities and overall direction of travel.
19. The AOP sets out cross-organisational delivery detail for the five outcomes of *Heritage for All*, our Corporate Plan. The focus of the AOP is the activity which we believe will deliver the greatest impact on *Heritage for All* outcomes but is complemented by a wide range of business-as-usual activity.
20. Members welcomed the Plan and complimented the measuring success elements of the plan, however noted that some of the metrics leave gaps between 'achieved' and 'not achieved.' Subject to this element being addressed, members approved the proposed AOP and Budget for 2023/24. The final Plan will be circulated for information.

ACTION: Director of Finance and Corporate Services

21. In line with the Framework Document, a copy will be shared with the Scottish Government Sponsor Unit, and then published in early April.

Archive House Update

22. The CEO gave the Board an update on the Archive House project and, given the revised project costs, asked for agreement to proceed with the plan as outlined in the paper. Much progress has been made since the last update in May 2022, and the CEO has temporarily taken over as Senior Responsible Owner of the project.
23. Costs for the project have increased, through net zero commitments, and also the identification of improvements at RIBA Stage 2, which would be challenging to retrofit at a later stage. A value engineering exercise has identified savings, and a gateway review undertaken by Internal Audit will be ready shortly.

24. The Board noted the need for more support resource from the Project Management Office, particularly given the scale of the task undertaken by the Project Manager. It was agreed that an updated Business Case would be circulated to Members and a permanent SRO identified as soon as possible.

ACTION: CEO

25. Emma Herd reminded the Board and Executive Leadership Team of her possible conflict of interests relating to John Sinclair House, which papers on Archive House may touch upon.
26. The Board urged the CEO to ensure that Archive House project retains its priority status and enquired as to whether there was any scope to accelerate some elements of the project. Given the tight scheduling of the project, members urged the project team to begin pre-application discussions with Midlothian Council as soon as possible.
27. The Board confirmed their comfort with the update and approved the work to continue within the cost envelope of £16m, as outlined in the paper.

Audrey Jones and Karen Scrymgeour joined the meeting

Dallas Dhu Update

28. Stephen Duncan and Audrey Jones briefed the Board on progress towards the proposed partnership with a third party at Dallas Dhu whisky distillery, which had been approved by the Board and Scottish Government in 2022.
29. The goal remains for the Concession Services Agreement and accompanying suite of documents to be completed and signed by both HES and the third party by 31 March 2023, however, the licence-holders Diageo have raised two additional issues that could impact on the project.
30. The Board recommended that HES escalate the matter to a higher level of Diageo leadership, to whom the wider benefits of the project should be emphasised.
31. In the meantime, the Board confirmed that it would not be appropriate for HES to attempt to accommodate the new conditions raised by Diageo.

ACTION: Stephen Duncan

Audrey Jones and Karen Scrymgeour left the meeting

George Findlater joined the meeting

Calanais Proposal

32. The Chief Executive and George Findlater provided an update on the partnership project between HES and Urras nan Tursachan (UNT) at the Calanais Stones. The Board were asked to agree in principle the introduction of an admissions charge at a

new combined visitor centre and Stones offer and agreement to approach Scottish Ministers about visitor charging at the property.

33. The proposed project was noted as being a key project in the Islands Growth Deal and could contribute significantly to the economy of the Western Isles. It was noted that much detail had yet to be addressed through the development of the Full Business Case.
34. The Board posed questions around the possible implications for setting a precedent. There may also be ramifications for other sites managed by HES or others that may see increased visitors as a result. Members felt that the concept required further consideration to explore all the possible threads.
35. Careful consideration is required over how the local community is engaged in this process.
36. The Board confirmed their approval in principle to the charging proposal, the various angles and connotations of which should now be explored in further detail. It was agreed that Scottish Government officials should be briefed on the proposal.

George Findlater left the meeting

High Level Masonry Update

37. Craig Mearns introduced the paper which provided a detailed update on all aspects of the HLM project. He noted that the High-Level Masonry Programme is progressing well, and at current pace, we are forecast to complete the first 70 site inspections by end of 2023
38. As the programme has progressed, some efficiencies and improvements have been identified and we are working through how to take advantage of these, as well as how to embed the HLM work into 'business as usual' inspections. Where possible, remedial work is being undertaken by works teams to allow reopenings to happen very quickly.
39. Stakeholder meetings have been very constructive, and interpretation work at the affected sites has been positively received.
40. Members commended the progress. It was however suggested that communications might be improved particularly in parts of the country where inspections are yet to take place.

Operations Directorate Update

41. Craig Mearns gave a presentation on the work undertaken and priorities identified during his first months in post as Director of Operations.
42. The Chair lead the Board in commending Craig's progress to date, encouraging Board members to accompany Craig on his site visits.

Committee Updates

43. People Committee:

- As Chair of the People Committee, Fiona McLean gave an update of their 09 February meeting, much of which had been covered earlier in this meeting.
- The Committee had received an update on the colleague engagement survey results. The People team are working hard to address identified issues, but members continue to have concerns around average working days lost levels.
- The Board agreed in principle to an initiative of inviting representatives of employee networks to observe board discussions, subject to logistics being worked out.

44. HESe Board:

- Ian Robertson, Chair of the HESe Board, gave summary of their meeting the previous day. The group's Q3 and January 2023 position is favourable, with excellent performance in a number of categories.
- The latest re-payment of the inter-company loan has been made.
- Castle of Light has been renewed to take place for a fourth year

45. Finance Committee:

- As Chair of the Finance Committee, Emma Herd gave a summary of their 07 February meeting, many of the topics which had been discussed during this meeting.
- The Committee had considered an update on the Project Management Office, which has been working to determine a definition of significant projects and associated structures. The PMO has been working to assist with pressure on IT and developer resource

Meeting closed.