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MINUTE OF HES BOARD MEETING HELD ON 24 AUGUST 2023

LONGMORE HOUSE, EDINBURGH

Present:

Hugh Hall
Ian Brennan
Gemma Butterfield
Andrew Davis
Joe Doogan
Emma Herd
Simon Hodge
Gary Jebb
Ann Leslie
Terry Levinthal
Anne-Marie O'Hara
Ian Robertson

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
Lindsey Ross, Director of People
Donella Steel, Director of Finance and Corporate Services
Alison Turnbull, Director of External Relations and Partnership
Suzanne Casey, Head of CEO Office
Jules Davidson-Welch, Manager, Chief Executive's Office
Emily Tracey, Estates Strategist (part)
George Findlater, Head of Community and Economic Development (part)
Dorothy Hoskins, Head of Development (part)
Julie Forster, Fundraising Development Manager (part)

Introduction, Apologies, and Minute of the Last Meeting

1. The Chair welcomed everyone to the meeting. No apologies were noted and no new declaration of interest made.
2. The minute of the Board meeting held on 18 May 2023 was approved. Turning to the Action Tracker, the Board requested and received verbal updates on a small number of items.
3. The CEO briefed the Board on the latest position with Dallas Dhu. A recent positive meeting with Diageo refined negotiations down to a small number of considerations. Diageo's reply to the CEO's follow-up letter is anticipated in due course. The Dallas

Dhu business plan will be circulated to the new Board members for background. Dallas Dhu will be referred to the Finance Committee for further consideration.

ACTION: Director of Marketing and Engagement

Chair's Update

4. The Chair briefed the Board on a number of items, including:
 - The launch event for Our Past Our Future, the new sector strategy, went well.
 - The Chair recently conducted site visits to the Inverness area, Shetland and Dunfermline, where he particularly praised staff relationships with local stakeholders. A programme of the Director of Operations' forthcoming visits will be circulated so that interested Board Members may join where possible.
 - The Chair led a discussion of the forthcoming overnight visit to the Fife/Forth coast area. The itinerary will be circulated for information.

ACTION: CE Office

CEO Update

5. The Chief Executive highlighted a range of items, which supplemented the written report, including:
 - He and the Chair had held a very positive first meeting with Christina McKelvie, Minister for Culture, Europe and International Development on 22 June. They took the opportunity to brief her on the work and priorities of HES.
 - Discussions with Scottish Government continue to progress on the future business model. There are a few elements which require further discussion. The Board discussed and made recommendations on a strategy for taking negotiations forward.
 - Members asked about HES' approach to call challenge – the new Scottish Fire and Rescue Service policy – and recommended approaching the service again pointing out the cultural and historic significance of the assets under our care.

ACTION: People Director
 - The Board commended the recent award of £5.2M from the Hamish Ogston Foundation to support 100 trainees over five years.
 - The Board discussed visitor numbers and income levels, noting that turnover will exceed pre-pandemic levels this year.
 - The Board considered and approved the request to adopt a new risk appetite statement on Statutory Compliance and People, which had originally been commissioned by ARAC.

Finance Statement

6. The Board considered a report on the financial position as at 30 June 2023. The year-to-date position shows a surplus against budget, largely due to strong commercial performance. However, pressures against operational expenditure have been identified. The Board confirmed that they were content for the designated fund to be carried forward into 2023/24.

Corporate Performance Report

7. The Board noted performance against Annual Operating Plan indicators as at the end of quarter one. The Board approved the proposed approach for assessing the

status of deliverables with more than one success criteria. This will now be added to the Corporate Performance Management Framework.

PIC Strategy Update

8. The Board reflected on a paper providing an overview of the significant changes and updates that have occurred since the previous Board meeting. Terry Levinthal, Chair of the Heritage Assets Committee, confirmed that the committee had considered the topic at their first meeting, and had discussed a number of points in detail.
9. The Board discussed the appropriate governance routes for development of the strategy, agreeing that high-level strategic direction, principles and communications should be guided by the Board, but that detailed work should be delegated to HES staff. The draft Communications Plan will be shared with the Board when available.
10. The Board made a small number of suggestions, including the integration of outputs into the process. The strategy document will be finalised then recirculated to the Board following ministerial briefing on strategy.

ACTION: Director of Cultural Assets

Calanais

11. The Board considered a paper on the partnership project between HES and Urras nan Tursachan (UnT) at the Calanais Stones. This outlined the principles and framework for a proposed approach to visitor charging.
12. Members discussed implications of higher footfall at the site in terms of wear and tear and increased maintenance costs. It is anticipated that the inevitable erosion of the soil can be mitigated at modest cost to HES. It was also clarified that there would be no entry charges for HES members.
13. The Board approved the general approach and agreed that the full business case should be put forward to Scottish Government on the basis of the principles set out to them. Members acknowledged that there are a number of points of detail yet to be determined with UnT. These will be agreed by HES as negotiations continue.

Archive House

14. The Board asked for the scheduled discussion on Archive House to be deferred to a later date to allow time for the Finance Committee to consider the paper.

Framework Document

15. The CEO briefed the Board on progress in negotiating changes to the Framework Document with Scottish Government. Agreed amendments cover how grants and donations are handled, as well as an increase in delegated authority. The Board supported the approach and direction of travel, agreeing that the negotiated amendments should be locked into a refreshed Framework Document as progress towards longer term business model changes.

Fundraising

16. Dorothy Hoskins and Julie Forster gave a presentation updating the Board on the achievements and priorities for fundraising. The Board commended the achievements to date and discussed a number of themes arising from the

presentation, including the role of the Historic Scotland Foundation. Members encouraged exploring the potential for contactless donations at unstaffed sites as soon as possible. Assurance was sought and received on the arrangements for conducting due diligence on larger donations.

HLM

17. The Board considered an update paper on the High Level Masonry Programme, noting that the HLM staff posts have now been made permanent. This enables the backfill of their original roles. The Board commended the way in which the HLM programme has transitioned to business as usual activity.

Audit, Risk and Assurance Committee

18. Ian Brennan updated the Board on the 17 August ARAC meeting in his capacity as Committee Chair. The Committee had received an update from Internal Audit on Archive House in which the assurance level had been upgraded to satisfactory.

19. ARAC had reviewed the 2022/23 HESe Accounts and recommended them for approval by the HESe Board. They had also considered a draft of the HES Annual Report. This will be circulated to the wider Board for information.

ACTION: Director of Finance and Corporate Services

20. A new risk concerning IT technical debt had been considered, and the committee had noted limited assurance on the cybersecurity (readiness for attack) risk, which will be kept in view. Ian invited Members to nominate themselves as Board cyber champion.

Finance Committee

21. Andrew Davis, Chair of the Finance Committee, briefed the Board on business considered by the Committee on 08 August. This included a Project Management Office update, noting that PICAMS' status is currently flagged as red. The Committee also reflected on the Quarter One financial statement and reviewed live civil claims.

People Committee

22. Emma Herd, Chair of the People Committee gave an update of the meeting of 19th June. The Committee had received updates on equalities, staff turnover and absence rates, as well as the refresh of some HR policies. Emma noted that there is much people-focused activity ongoing at the moment.

Heritage Assets

23. Terry Levinthal, as Chair of the Heritage Assets Committee, informed the Board that the Committee had held its inaugural meeting on 31 July. Members noted that the Committee's remit will also cover Archives and Collections.

HESe Board

24. Ian Robertson, as Chair of the HESe Board, gave an update on the business of the previous day's meeting. The subsidiary's Q1 performance has been strong, with year-to-date income well ahead of budget. Members noted that HESe was still being

assessed for going concern, but that significant progress continues to be made on repaying the intercompany loan ahead of schedule.