



HISTORIC
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ALBA

MINUTES OF HES BOARD MEETING

HELD ON 6 JUNE 2024

EDINBURGH FUTURES INSTITUTE, EDINBURGH

Present:

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

Apologies:

Ann Leslie

In attendance:

Craig Mearns, Interim Chief Executive Officer
Roger Curtis, Interim Director of Operations
Stephen Duncan, Director of Marketing and Engagement
Craig Marshall, Director of Finance and Corporate Services
Elizabeth McCrone, Director of Heritage
David Mitchell, Director of Cultural Assets
Lindsey Ross, People Director
Alison Turnbull, Director of External Relations and Partnership
Zsombor Bardossy, Manager, Chief Executive's Office
Callum Stanners, Head of Chief Executive's Office
Agnieszka Davren, Head of Strategic People Projects (part)
Rod Lennox, Managing Director, Sterling Reward Management (part)
Gillian MacDonald, Head of Sales and Marketing (part)

Introduction, Apologies, and Minute of the Last Meeting

1. The Chair welcomed everyone to the meeting.
2. Apologies were received from Ann Leslie. No new declaration of interest was made.

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3. The Board approved the draft minutes subject to one small correction.

Matters Arising

4. The Board were informed that progress had been made on the Dallas Dhu revival project.

Chair's Update

5. The Chair had attended for part of the recent ELT CommsMaster session. It was encouraging to see the progress being made and the positive impact these were having on the ELT at both an individual and collective level.
6. Several board members had attended various events, including directorate meetings and the Senior Leadership Forum. Their engagement at these events was well-received, with positive feedback highlighting their insightful contributions and collaborative approach.
7. The Chair noted that Kaukab Stewart MSP had now changed post and responsibility for HES now lay directly with the Cabinet Secretary for Constitution, External Affairs and Culture, Angus Robertson MSP.
8. It was noted that a meeting with Cabinet Secretary which had originally scheduled for 13 June was now due to take place on 27 June.

Chief Executive's Report

9. In the first few months in the role, the CEO worked with the Executive Leadership Team (ELT) to identify a clear set of in-year priorities. The identified priorities are:
 - a. Deliver Pay & Grading
 - b. Financial Strategy
 - c. PIC Strategy
 - d. Archive House (decision on way ahead)
 - e. Edinburgh Castle Masterplan
 - f. Digital Blueprint
 - g. Joint Estates Plan
 - h. Longmore House
10. The CEO explained that ELT will form the Project Board for the PIC Strategy, and will use similar methodology as that used for HLM and would adopt a HES wide approach. A timeline had been created and the strategy would come back to the August Board meeting in advance of public consultation.
11. The Edinburgh Castle Masterplan will be developed during the course of this year, with the intent for Phase 1 being delivery of new visitor toilets in the next financial year. Further activity will be dependent on funding. Lindsey Ross (LR) and Roger Curtis (RC) are working on an action plan which is being taken forward together with staff with the aim of increasing numbers next year.

12. A meeting had been arranged with the principal stakeholders, including the army, to discuss a potential masterplan.
13. The Board were interested to know if there were other sites with similar issues across the estate. It was recognised that Edinburgh Castle is unique in terms of the number of stakeholders that occupied the site. The Board requested a briefing session to help them better understand all of the issues faced by the Castle.

ACTION: Chief Executive

14. The CEO updated the Board on the Digital Blueprint activity. This included the ongoing work to rationalise, prioritise and integrate digital programmes and identify efficiencies. Currently 50% of our digital sites are outwith our core digital services. The exercise is already delivering savings and more are expected to follow.
15. As part of the Joint Estates Programme, the software tool Proactivity is being used to aid planning and managing the estate over the next 4 to 5 years. The system is still bedding in but is expected to deliver meaningful Management Information by the end of the year.
16. Consideration is being given to more effective use of Longmore House. As part of the programme new hot desking areas had been established and a 'declutter' exercise is underway, due to complete by the end the summer.
17. The CEO highlighted that, with exception of the priorities highlighted above, HES will need to review other existing commitments and some decisions on what not to do will need to be taken, noting the potential impact on opportunities for growth and reputational risk when making such decisions. It must be recognised that within the current financial constraints it is impossible to deliver on everything we would like to.
18. A number of mitigating actions have been identified to alleviate financial strain and manage budgetary pressures. For example, the first tranche of Investment Plan budget has been allocated to ensure that critical work can continue, with the intent to issue a second tranche, subject primarily to a decision on the future direction of the Archive House project.
19. The Dallas Dhu initiative creates a precedent for similar approaches elsewhere, to be considered within the PIC Strategy. Discussions continue around growth deals and future partnerships with other organisations within the sector such as National Trust for Scotland, National Library of Scotland and National Museums Scotland.
20. The draft financial outturn for 2023/24 is a £2.5 million surplus. This is due to the excellent commercial income performance where the budget was exceeded by £10.2 million; £0.9 million has been transferred to the Foundation. It was noted that the final Accounts are still subject to audit. As for this financial year, visitor numbers had recovered from some of the traction lost due to the wet April.

21. The CEO provided updates on current ongoing issues

- a. Visit Scotland have re-assessed 23 HES sites with a further 3 still to be carried out. Visit Scotland grading will expire later this year. Options for a replacement quality scheme are being considered by the Scottish Tourism sector. This situation highlights a valuable opportunity to enhance the visitor experience at many sites, emphasizing the importance of timely investment.
- b. In respect of Rock Risk Management, there is currently insufficient budget for remedial works at several Properties in Care (PiC). Work will be prioritised, and site restrictions are likely. Rock Risk Management Policy will be brought to the Board meeting in August. On a positive note, there has been significant progress with City of Edinburgh Council and Edinburgh Castle regarding a joint agreement on rock risk assessment and the options for the use of temporary barriers was being progressed.
- c. Scottish Government is in discussion with HES regarding additional funding for the National War Museum (NWM). The Board has encouraged the CEO to continue explore alternative solutions.
- d. Our Strategic Workforce Plan has identified issues relating to our aging workforce. Current projections show that 25% of the organisation's staff will reach or have passed the national retirement age of 70 in 10 years; 20% of Operations will have reached or passed retirement age in 5 years. HES is currently exploring several solutions, including longer hand-over periods, to ensure the retention of valuable knowledge. A review of the recruitment process is underway to simplify and expedite hiring. The Strategic Workforce Plan is supported by the People Committee and will be used to inform our next People Plan.
- e. The CEO reported a fatality that occurred at Stirling Castle on 23 March 2024. Immediate and correct actions were taken in response to the incident by HES staff. Counselling services were provided to staff members involved to support their well-being.
- f. HLM has progressed well and is now incorporated into business as usual.
- g. There has been good engagement with stakeholders to explain the issues and current situation in respect of Radical Road. The Board will receive an update report on this matter.
- h. The draft Rock Risk Management Policy will be brought before ARAC in due course.
- i. A new Tap and Go donations system had been rolled out at Dunfermline Abbey and Glasgow Cathedral. Over 19 days, the system had raised over £3,000. The next stage is to extend the trial to sites in Orkney and St Andrew's Cathedral.

- j. The CEO then provided an update on Archive House, highlighting several challenges facing the project. The costs have escalated from the original budget of £9 million, rendering it unaffordable. Furthermore, in its current guise it will not be complete in time to allow a decant from John Sinclair House before the lease on that property expires.
- k. The current position is not sustainable and alternative options need to be identified. A short-term interim solution is necessary to provide time to develop a more holistic long-term approach. This interim solution could extend beyond one year, potentially up to five years, and might include an action plan to address the wider collection. However, it is recognised that any future solution will require further capital investment and further engagement with the Scottish Government was crucial.
- l. It was agreed that it would be helpful for a briefing note on the current position to be circulated to Board Members. A substantial paper setting out the issues and the options will be presented to the Board in August to allow them to make an informed decision.

ACTION: Chief Executive

Agnieszka Davren and Rod Lennox joined the meeting.

Pay & Grading

- 22. The Pay and Grading Business Case was approved in full by the Board having been endorsed by the People and Finance Committee.
- 23. The People Committee will provide regular updates to the Board.

Agnieszka Davren and Rod Lennox left the meeting.

Corporate Performance

- 24. Craig Marshall presented the paper and highlighted that we have adopted a different way of reporting this year and would be grateful for Members' feedback or comments.
- 25. It was queried why Archive House was listed as partially achieved, given earlier discussion on the subject. It was explained that it did reflect the position against the criteria at the end of the last financial year and a lot of preparatory work has taken place. It was noted that HES has an opportunity to give a balanced view on how we arrived at this position. It was agreed to keep the performance as partially achieved.
- 26. There was discussion regarding effective capture of the social background measure. AT explained this measure was supported by detailed background material and that Corporate Performance Analysts had been involved.

Financial Strategy and Business Model

27. Craig Marshall highlighted that the Financial Strategy has been shared with the Finance Committee and the Committee was content to recommend approval to the Board.
28. Based on earlier discussions it was recognised that the Financial Strategy would need to be updated to reflect the impact of decisions on Archive House, as it still lists the project as a £13million commitment for 2025/26.
29. There was further discussion around the impact on the Strategy of Strategic Workforce Planning and the challenges faced regarding aging workforce, ability to reduce headcount and still being able to operate at an optimal level.
30. In respect of charity income, SD reported that this was above 5% and more detail would be brought before the Board in October. Prices will be reviewed in advance of the next financial year and presented to the Board for consideration.
31. After receiving assurances, the Board were content with what was proposed.

Gillian MacDonald joined the meeting.

Branding

32. The Board were updated on the progress of the Branding work being undertaken by Marketing & Events Directorate. Gillian McDonald outlined the background and how the thinking had developed.
33. The Board appreciated the work, effort and creativity that had gone into developing the Brand and supported the overall outcomes and direction of travel. The Board recommended that further market testing be carried out and used to influence and refine the proposed branding. It was noted that the roll-out of the new brand would take into consideration costs and the impact on budgets. It was also noted that uniform rationalisation across the estate could lead to efficiencies and savings. The Board endorsed the direction of travel and requested that ELT continue to oversee the development and roll-out arrangements.

Gillian MacDonald left the meeting.

Committee Update

34. Finance Committee
 - Andrew Davis, Chair of the Finance Committee briefed the Board on business considered by the Committee at the last meeting. In addition to the Financial Strategy and the Business Model, which had already been considered under agenda item 9, the Committee had been updated on the financial statement and received a Project Management Office update. It was reported that two items were currently at red: Archive House and Properties in Care Asset

Management System (PiCAMS). However, PiCAMS was in scope to return to green by the next update.

35. ARAC

- Ian Brennan, Chair of ARAC, reported that the Committee recently considered the efficacy of the security protocols of the Collections in Care. The Committee commended the paper to the Board.
- The Committee had requested that the ELT consider whether the findings of the ARAC paper should be reflected in the overall risk register. The Board asked for an update report to be made to the August Board meeting.

ACTION: Chief Executive

36. People Committee

- Emma Herd, Chair of People Committee, informed the Board that the Committee's Terms of Reference had been updated and would be circulated to the Board in due course. The People Strategy was now in its fifth year, and the Committee had started work on the next five-year plan and would bring that to the Board in 2025. Work was underway on diversity and an update to the Board will be provided to a future meeting.
- The Committee received an update on the recent People Management Information (MI), which was deemed interesting and useful. They requested that this information be circulated to all Board Members and encouraged them to review it. The Committee Chair reported attending a volunteer managers' event and expressed satisfaction that HES had received accreditation once more. AT expressed gratitude to the Chair for her dedication and participation in the event.

37. Heritage Committee

- Terry Levinthal, Chair of Heritage Assets Committee, reported on the Committee's progress, noting an interesting feedback loop emerging among the committees. They are currently focusing on supporting the development of the Properties in Care strategy, recognizing its complexity. A first cut of the Strategy will be presented at the August meeting.

38. HESe Board

- Ian Robertson, Chair of the HESe Board, reported that HESe had achieved outstanding performance in the 2023/24 fiscal year. As a result, the repayment of the HESe loan is ahead of schedule.

Meeting closed.