

HISTORIC SCOTLAND BOARD MEETING

Minutes of Meeting

Thursday 21 August 2008, 13.00 - 17.00

Room G.9, Longmore House

Those Present:

John Graham	Chief Executive
Peter Bromley	Director of PiC
Malcolm Cooper	Chief Inspector
Marc Ellington	Non-Executive Director
John Lennon	Non-Executive Director
Ingval Maxwell	Director of TCRE
David McGibbon	Non-Executive Director
Brian O'Neil	Director of HR
Laura Petrie	Director of Finance
Ann-Marie Stannard	Non-Executive Director
Sheila Terry	Non-Executive Director
Raymond Young	Non-Executive Director
Gordon Barclay	Policy Branch Head (on behalf of Lucy Blackburn)

In Attendance:

Alexandra Devoy	HSB Secretary
Fiona Docherty	for items 5 and 6
Jim MacDonald	for item 8
Chris Watkins	for item 9

1. Apologies

1.1 Lucy Blackburn sent her apologies.

2. Minutes of Previous Meeting

2.1 Amendments were agreed to the minutes prior to publication.

3. Matters Arising

3.1 Raymond Young (RY) asked John Graham (JG) for an update on the position of Mavisbank. JG replied that the Minister had decided to pursue consolidation and compulsory purchase. Sheila Terry (ST) enquired whether the policies of Mavisbank could be further used under a community-led initiative. JG replied that this would be considered. JG confirmed that overall the decision had been met very positively.

3.2 RY asked JG about progress with the agency Corporate Plan. JG updated the Board that the corporate plan was currently with John Swinney, JG explained that Mr Swinney wanted a more robust link to be made between the corporate plan and the national performance framework.

3.3 RY asked JG about the UNESCO visit to Edinburgh. JG updated the Board that UNESCO were unhappy that the decision had been made by Ministers over Caltongate

while it was under consideration by UNESCO, and that some press coverage had been given to the Director General's statement. MC added that UNESCO and ICOMOS would be visiting the Caltongate site in November as part of their mission. The preparations for this would be coordinated by the Inspectorate. MC suggested that he believed the Haymarket site would attract the interest of the group due to its affect on the skyline of the neighbouring WHS. RY asked that he be kept informed of the arrangements and outcomes.

Action 1: Inspectorate to ensure that RY be kept informed of the visit to Edinburgh by UNESCO and ICOMOS.

4. Finance Report

4.1 Laura Petrie (LAP) introduced the Board to the Finance Report. She asked them to note that the poor income figures reported at the last meeting had continued and that budgets would have to be reduced, with consequent effects on some projects. She was in discussion with individual Groups to identify savings, or expenditure that could be postponed or cancelled. She also advised that the Grants position was very tight, and that efficiency savings so far identified were below target, at £650k.

4.2 Marc Ellington (ME) asked LAP how the agency compared to the Scottish Government (SG). LAP discussed that we are in a slightly different situation from the SG in that the agency has a source of 'commercial' income but that overall the SG budgets were tight, the consequence being that we could expect no help from core SG.

4.3 Ann Marie Stannard (AMS) asked about the additional spending listed in the report. LAP replied that most of the items were being funded from the efficiency savings reserve. JG added that had the agency known about the downturn in advance, these savings might not have been reallocated. AMS enquired further whether LAP was confident that the Agency would manage to balance its budget. LAP replied that although it would be tight, she was, provided income did not deteriorate further.

4.4 ST asked LAP whether there was any room to assume slippage in the grants. LAP replied that although slippage was usually quite high at the present time there was little flexibility.

5. Quarterly Income Report

5.1 PB introduced the Board to the Commercial Review Report. He summarised that overall visitor numbers and thus income was down and that this was across the year to date and that he expected this trend to continue for this year due to the slowing economy and rising fuel prices. He reported that membership numbers, Explorer Passes and group sales were all up on the budget forecast. He also stated that although the numbers of visitors were down, the actual retail spend per customer was up.

5.2 RY agreed with the report and added that Iona had seen a reduction in the visitor numbers but that the hotels and holiday rental accommodation on the island had been doing well and therefore the holiday makers were spending their money locally. DMG agreed with this although he pointed out that this retail spending would not be able to plug the gap.

5.3 Fiona Docherty (FD) reported that, in terms of the visitor mix, Scottish visitors at sites like Edinburgh Castle were ahead of last year by around 7%, boosted in part by a successful Free Weekend in April. All other markets were down by around 4%. She said that this would suggest that Scots were staying at home to take their holidays. FD added that she thought the weather had a part to play in the numbers being down, along with the impact of fuel prices and the general fear of economic recession. PB added that sales and marketing

activity was being adjusted to try and boost visitor numbers and income, but that it would take time and investment.

5.4 AMS asked what these projects were. FD replied that there were a number of initiatives underway such as:

- Trade partnership working in and around Edinburgh. An example of this was selling Edinburgh Castle tickets via Lothian open top buses; and the promotion of the Royal Ticket with Holyrood Palace and Britannia (which is this year out-selling the Edinburgh Pass). The team were also developing a hotel promotion for the off season, offering free entry to the castle.
- On-line sales. Edinburgh Castle tickets will shortly be sold on Expedia.com, VisitScotland.com and VisitBritain's website, along with other consumer travel sites.
- Promotional activity is planned around Edinburgh Castle, including participation in both the Sainsburys and Tesco voucher scheme.
- The team are trying to launch a Winter Explorer Pass, offering visitors an even stronger value for money product during the off season in response to the economic downturn.
- Stronger promotion of 'Kids Go Free' in October targeting Scottish families – with possible additional investment in TV advertising in Scotland. This will be backed up by incentives and offers to encourage repeat visits over the quieter winter months.
- Homecoming 2009 campaign being developed to target Scottish families around February half-term.

5.6 DMG commented that although he fully supported the current activity the group would need to make more innovative marketing deals. FD acknowledged this, but commented that marketing budgets were likely to be cut back (along with others) as the Agency sought to recover close to £1.2million in savings this year. AMS asked whether the group should be prioritising their budget and allocating the funds to those top priorities.

5.7 FD updated the board noting that planning had started for next year and ticket prices were being discussed. The question of discounting admission prices more heavily would also be reviewed, as this formed part of the VSBD pricing strategy for the off season – although this tactic may be risky as the Agency relied heavily on Admissions income. She noted that from feedback over the year, 90% of visitors agreed that current prices represented good value for money.

5.8 John Lennon (JL) commented that the English market were staying at home with big English regional tourist campaigns aimed at that market, and that the Scotland populace interested in Heritage visits were too few to support the industry alone. He pointed out that travel agencies, budget airlines and even commercial airlines were dropping prices and working together to keep business. Glasgow facilities and accommodation were dropping prices to attract back the corporate business. Even Tesco was discounting. He argued that the group needed to do much more, more quickly. They should look at strategic alliances and do more deals and bargains. He also recommended that JG call Visit Scotland to get additional marketing support for the heritage sector. JG agreed this action. JL volunteered his help in developing this strategy. JG agreed with thanks.

6. Retail Strategy

6.1 PB introduced the Board to the Retail Strategy report. He commented that since the discussion in February a small steering group of Non Executive Directors had been

convened to develop the plan. FD commented that this report was being tabled for the Board to agree progress and that the final document would be circulated thereafter.

6.2 FD stated that the strategy was based on a three tiered approach across commercial, development and community sites. She noted that the smaller community sites do not contribute significant income and that therefore the retail offer these sites would need to be streamlined over the next 5 years. This had been widely supported by the sub group.

6.3 FD acknowledged that the NEDs had expressed concerns over the funding of a new retail IT system. She noted that this funding had since been agreed in principle by PIC Management Group. Due to the pressure on the PIC Capital Budget, this investment would be phased over 2-3 years. She commented that she would like to develop a project board and would like one of the NEDs to take part. The first meeting would be in September. DMG volunteered to participate and this was acknowledged. AMS commented that the benefits from the new IT System would not start to impact until 2011. FD confirmed that it would be a phased project, but that it may be possible to roll the system out to our top sites first AMS agreed, commenting that the group should aim to capture the benefits as soon as possible and that perhaps the project could be fast-tracked for funding. LAP replied that the phasing of the project would be driven by the availability of the budget. PB added that the initially estimated cost had increased but that they had budgeted for this and those increased costs would be met. However, this may have to be phased over three years, given the other PIC capital commitments (in particular Stirling Castle).

6.4 DMG commented that he was encouraged to see that Stirling Castle had also been made a priority in the Retail Strategy, and funding allocated by PIC for a shop refit. He was also reassured that the Retail Strategy also addressed some of the next tier of sites, such as Maeshowe, as it was important to have a back up plan should our strategy for the top three sites fail. He concluded that there were two areas to be concerned about going forward for retail: systems failure and the skills gaps within the team. If these were addressed (as they seem to be in the Retail Strategy) then the business would improve.

6.5 Malcolm Cooper (MC) asked JG whether this new project had been subject to the agency's usual bidding process. JG replied that it had not, because there was a ring-fenced budget for PIC capital expenditure and decisions on allocation fell to the Director of PIC. Under this arrangement PIC could not enter separate bids for capital. MC had reservations about this arrangement. JG agreed that it might need to be reviewed in the current financial circumstances. DMG commented that there should be a financial appraisal that would justify this project. FD agreed that the project board would develop this.

6.5 FD commented that the Retail Strategy for the next five years was shaped largely by three major projects that would have to be undertaken: the Stirling and Edinburgh Castle shop fits and installation of the new retail system. Beyond this, it would be difficult for the Retail Team to manage additional workload.

6.6 In terms of the sales projections for the next five years, FD acknowledged that these were ambitious targets, designed to stretch and challenge the retail sales team. She stated that it was important for these figures to be toned down for Corporate Planning purposes. LAP agreed and stated this happened currently. JL questioned the reality of the visitor number figures. FD acknowledged that the tourism market was shifting and that the visitor numbers and income targets would have to be reviewed with LAP over the winter months, as part of the Spending Review. LAP added that KPT's were there to stretch the teams performance. JG agreed the report's ambitions and asked that PiC report back progress and expenditure in a years time.

Action 2: PiC to report back progress of the Retail Strategy to Board in August 2009.

7. Key Performance Targets Quarter 1 Report: April- June 2008

7.1 LAP introduced the Board to the KPT Report. She reported that the Efficiency target was looking tough, and that overtime, stationary and hospitality would be challenged to tighten spending. She advised that she would present the figures more thoroughly to the Board in the meeting in November. AMS agreed this would be the right time to report back. LAP commented that everyone in the SG was struggling and that the agency was therefore not different.

7.2 JG asked why savings were no longer expected on energy. LAP replied that the current reporting baseline was based on a warm previous winter. In the longer term more efficient use of lighting, electronic equipment and heating would produce results.

8. Historic Scotland and Planning Modernisation

8.1 Jim Macdonald (JM) introduced the Planning Modernisation report to the Board. He commented that at present the Board were to note the project developments and that the Board would be kept up to date with progress. He said that the report set out guidance of what the Local Authorities could expect from the agency and what they would need to do in return. This would result in the delegation of some routine work to them, removing current duplication of work. JM also informed the board that the Memorandum of Guidance would be replaced with a series of focused leaflets which would be completed in December 2008, these would be web-based which would allow them to be updated more easily. He also told the board that a single new casework management system to replace a range of free-standing systems was being procured, and that his would support the E-Planning project. He expected it to be operational by December 2008 [check]; the system would support the new Listed Building Consent, Scheduled Monument Consent and Planning KPT.

8.2 ST commented that this was excellent progress and that she felt the Local Authorities would be very happy with the new approach. She asked whether this would affect the single outcome agreements. JM replied that the relationship with SOAs had been clarified and that the modernisation work would proceed in support of the SOAs. ST asked whether extra resources would be required. MC replied that the Local Authorities had been involved in planning this work, that some would be eager to have devolved responsibility while others would not, and that the plans would actually reduce the amount of work to be done.

8.3 RY asked MC whether this could lead to efficiency savings elsewhere. MC replied that English Heritage had trained Local Authority experts in-house: it was a good practice but not necessarily what Historic Scotland would want to follow. He added that pilots would run to test out some possibilities and problems would be recognised at this stage. There were possibilities of looking at tapering funding for some aspects.

9. Historic Scotland Foundation

9.1 PB introduced the Board to the Foundation report stating that the document had been developed as information for the Board due to a request from the NEDs. He went straight to questions.

9.2 DMG asked how successful the Foundation had been as a fundraising body. Chris Watkins (CW) replied that the Foundation had not been formed for fundraising but that its future was being developed with this in mind. He stated that the Foundation Board met 3-4 times a year and last year raised £90k: legacies appeared to be an increasing source of income and this should be encouraged. The income needed to be allocated carefully to discrete projects and was not subsumed into the general budget.

9.3 ME pointed out that on the form the wording 'private charitable company by guarantee' had to be inserted. CW thanked ME for his advice.

9.4 AMS asked whether there was another way to donate to the agency. LAP replied that donations direct to the agency would have to be spent within the financial year in which they were received, or they would be lost. RY asked how the Foundation was publicised. CW replied that the leaflets, which had been published for a specific event, were available at some of the sites. JG thanked all for their contribution and suggested that this would be returned to at a later date.

10. Locations and Themes of Peripatetic Meetings for 2009

10.1 JG introduced the Board to the Secretariat paper. He asked for comments. AMS commented that the dinners are a key component raising visibility of Historic Scotland and enabling discussion with local representatives. She suggested that there was a need to revisit the educational element. RY commented that he found the educational element particularly useful and would like to see a bigger focus on the issues of the locale. MC commented that the target of the tours needed to be more defined and that the staff giving the tour should be given the opportunity afterward to meet formally or informally with the board, and particularly with the NEDs.

Action 3: Secretariat to investigate how staff on tours can meet the NEDs either informally or formally.

10.2 JG thanked the Board for this input. The clear view was that the important aspects of the tours were the agency's visibility, the team-building potential and the educational aspects. JG commented that the Secretariat struggled to get enough guests to attend the dinner and that he felt that he was playing too great a part in identifying potential guests. He suggested that Directors could have more input to this if approached early enough. All agreed.

10.3 RY asked whether more could be done at the Edinburgh meetings to meet the staff. MC suggested that an hour could be added at either side of the meeting where staff members could be invited. JG noted that this possibility would be looked at. .

11. Current Issues/ AOB

11.1 JG wished the Board to note that the agency was currently waiting on decisions being made about the following issues: Rowallan, Castle Tioram, the SHEPs and the Corporate Plan. He advised the Board that he would update them once decisions had been reached. He added that the interviews for the appointment of the Director of TCE would take place in mid September.

11.2 JG asked PB about the Heritage Property Group seminar which would look at the position of historic properties in the tourist industry. PB replied that invitations had been sent out for the seminar taking place on the 16th September.

11.3 Gordon Barclay (GB) wished the Board to note that the Northern Ireland Historic Monuments Council would be visiting Scotland between the 29th September and the 1st October with a dinner taking place on the 29th. They would looking at issues that link Scotland and Ireland. HS will provide policy briefings and assist the Council with its field visit to Argyll. GB asked if NEDs would wish to be added to the invitation list for the dinner. NEDs expressed interest.

11.4 PB wished the Board to note that Stanley Mills had received a five star award in its opening months.

11.5 DMG offered his congratulations to Richard Fawcett and Charles Hutton who both received OBE's. All agreed.

12. Forward Look

12.1 JG wished the Board to note that the next Board meeting would be in Ayrshire on the 3rd and 4th of November. Details would follow shortly. He also advised them that the Secretariat were arranging a visit by the Minister and Leslie Evans for the December Board on the 22nd.

The meeting closed at 17.15.