

# HISTORIC SCOTLAND BOARD MEETING

## Minutes of Meeting

Tuesday 4 November 2008, 10.00-12.45

Dumfries House

### Those Present:

John Graham	Chief Executive
Lucy Blackburn	Director of Policy
Peter Bromley	Director of PiC
Malcolm Cooper	Chief Inspector
Marc Ellington	Non-Executive Director
John Lennon	Non-Executive Director
David McGibbon	Non-Executive Director
David Mitchell	Director of TCG
Laura Petrie	Director of Finance
Ann-Marie Stannard	Non-Executive Director
Sheila Terry	Non-Executive Director
Raymond Young	Non-Executive Director

### In Attendance:

Claire Dobbie	HSB Secretary
Gordon Barclay	HSB Secretariat
Linda Kosciwicz-Fleming	Policy Manager (item 7)

## 1. Apologies

1.1 Brian O'Neil (BON) sent his apologies.

## 2. Minutes of Previous Meeting

2.1 Amendments were agreed to the minutes prior to publication.

**Action 1: HSB Secretary to make agreed amendments to previous minutes.**

2.2 MC reminded the Board the UNESCO mission was to take place 12-15 November and that the Inspectorate was liaising with HS Communications and Edinburgh City Council for this visit.

2.3 John Graham (JG) confirmed the Agency's Corporate Plan had been cleared by the Minister and hard copies of the final version were to be distributed to the Non-Executive Directors (NEDs).

2.4 In reference to 10.3 of the previous minutes, JG explained the SMT had discussed and looked at the possibility of the NEDs meeting with those HS staff involved in Board meetings and tours. It had been incorporated into this tour and all agreed that it had been a success. MC added that HS staff attendance at the dinner had worked particularly well in terms of having useful discussion with invited guests.

2.5 JG wished the Board to note the December meeting had been moved to 18 December and that the Minister and Leslie Evans would be attending.

### 3. Finance Report

3.1 Laura Petrie (LAP) introduced the Finance Report by stating that HS was now forecasting an overspend of £0.689 million and this represented an underlying over-commitment of £0.25 million. This, together with further deterioration in income of £0.4 million, meant the position of the Agency was very tight and that she anticipated a potential break-even or overspend by the end of the financial year.

3.2 LAP explained that action was being taken to cover the shortfall. For instance, Groups were being required to eliminate their unauthorised overspend – payments of over £250,000 would not be sanctioned. SMT had also previously identified significant potential efficiency savings: the more of these were achieved the less the pressure from the decline in income.

3.3 LAP asked the Board to be aware that there were limits to what was achievable in terms of spending reductions at this stage in the financial year. The Board noted the financial position of the Agency was serious and that action was being taken.

3.4 JG invited comments and questions from the Board.

3.5 David McGibbon (DMG) said that if HS managed to hit its income forecast of £24 million by year-end it would be doing well, but he felt that £23.8 was a safer and more realistic figure. However, he agreed it was a difficult time of the year to start making savings. Ann-Marie Stannard (AMS) added that she had concerns about the Agency relying on efficiency savings to cover its shortfall.

3.6 LAP clarified that action to cover potential over-spend by year end had been taken since June and the importance of achieving efficiency savings over the last few months had been impressed upon Directors. LAP reassured the Board that figures were as accurate as possible as expenditure forecasts reviewed once a month and weekly/monthly finance reports were run.

3.7 AMS also enquired if LAP had discussed the possibility of the SG assisting with the Agency's shortfall. LAP said SG colleagues had not been formally asked for assistance. Any support offered might well consequently be deducted from the Agency's 2009/10 budget.

3.8 Sheila Terry (ST) enquired about the scope for savings on grant schemes. It was pointed out that Grants were monitored in great detail on a project basis and contact was maintained with project managers. LAP added that delaying payment will only move the pressure from grants to the following year. MC enquired why archaeology grants were not included in the table at point 6 in the paper. It was agreed this grant should be added to the table to provide a fuller picture.

**Action 2: LAP to add archaeology grants to the detailed grants table within the finance report.**

3.9 The NEDs were reminded that at the SMT away day on 3 December Directors would be discussion the main actions for 2009/10 budget and she would come back to the Board with this at the December meeting.

**Action 3: LAP to update the Board in December on forecasts/ actions for 2009/10 budget.**

3.10 JG explained that if, after the SMT away day, the Directors concluded that there was still a substantial gap between HS income and expenditure, he was likely to initiate a discussion with the Minister and central SG regarding the Agency's financial position.

Raymond Young added that the NEDs should be briefed on the current HS financial position before 18 December when they were due to meet with the Minister. All agreed.

**Action 4: JG/ LAP to update the NEDs on HS commercial position and brief them before the December meeting.**

#### **4. Commercial and Trading Update**

4.1 Despite the downturn in income, which was directly affected by the downturn in admissions, Peter Bromley (PB) wished to emphasise the positives about the Agency's commercial position. For instance, membership sales were ahead of their targets and retail sales were performing stronger than expected. In essence, once visitors had been attracted to sites, HS staff had been able to maximise their spend. PB explained that the purpose of this paper was to provide some comfort to the Board and demonstrate that action was being taken.

4.2 DMG asked PB if he had any indicative commercial figures for October 2008. Rough figures for the first 2 weeks of October had been received and they were not promising, but no worse than those from September. However, PB advised that there were mitigating factors for October – e.g. mid October saw the closure of Edinburgh Castle due to high winds.

4.3 As a means to boost the Agency's commercial position, ST suggested that some one-off events could be organised. The immediacy of the income issue was emphasised and PB ran through the details of schemes which were aimed at boosting the winter of 2008/09 income. Some of which included "Kids Go Free" and "Golden Oldies" promotions. However, he also wished the Board to note that HS was very active with the organisation of Homecoming. It was agreed that a note on HS involvement in Homecoming would also be circulated for the Board's reference.

**Action 5: PB to circulate note on Homecoming and the Agency's involvement to the Board.**

4.4 Any marketing of such events, it was explained, needed to be very targeted. John Lennon (JL) offered his expertise and agreed to work with HS, and particularly PiC, on its marketing strategy. All agreed this would be beneficial and that the Agency needed to think laterally on this matter.

**Action 6: JL to work with PiC (Fiona Docherty) on marketing ideas for HS over next 6 months.**

4.5 The Board noted the updates and actions being taken in relation to the Agency's commercial position and agreed that HS had to be creative about events such as Homecoming.

#### **5. Risk Quarter 2 Report: July – September**

5.1 LAP invited the Board to note the key risks on the attached high-level Agency risk register, which was a result of the April report work that undertook to refresh the Group risk register. A number of new risks had been identified this period and they included: failure to meet the income and efficiency KPT; HS financial overspend; and pay negotiations.

5.2 It was explained that the risks related to KPTs and finance were addressed as part of their individual reports. However, particular attention was drawn to pay negotiations as it was believed the high risk factor was possible strike action.

5.3 JG proposed that it might be sensible to include the impact of the recession on buildings at risk (BAR) on the Agency risk register. Raymond Young (RY) supported this

and added that he felt a discussion on the wider impact of the recession on BAR was needed. ST commented that the effects of climate change on BAR should also be added. It was agreed that this was perhaps impractical in relation to climate change, so LAP delegated this decision to the discretion of individual Directors.

**Action 7: MC/ LB to speak with LAP on this matter. LAP to update the Board on this at December meeting.**

**Action 8: Directors to examine own Group's risk register and establish if there are other risks, within the Agency's control, that should be added to the 'high-level' register.**

## **6. KPTs Quarter 2 Report: July - September**

6.1 This paper aimed to inform the Board of progress on Key Performance Targets for the second quarter of 2008/09. As most of the key points had been addressed and discussed in previous papers, LAP simply invited the Board to note the key points.

6.2 It was explained that the income and efficiency saving targets may be missed. Directors were seeking to address the gap between identified efficiencies and the forecasted efficiency outturns; as well as addressing the gap between identified efficiencies and the target. JG added that some efficiency savings required Ministerial support.

## **7. Climate Change Update**

7.1 Lucy Blackburn (LB) provided the Board with an update on Agency climate change activities and progress being made in joining them up. The Board was invited to note the recent developments and comment on the proposals for an action plan to join up activities. Handouts providing screen shots from the new climate change pages of the HS website were circulated to the Board for reference.

7.2 It was explained that the main debate in climate change at the moment was the issue of mitigation (i.e. reduce emissions) versus adaptation (i.e. assume global warming is inevitable). LB added that PG had put much effort into joining up climate change policy activity by working in cross-agency groups and sharing info with colleagues in SG. The climate change website, which was now 'live', was a focus for this.

7.3 The Board was also informed that HS was in the process of conducting a corporate carbon footprint analysis and the results were to be reported to SMT in the near future. These results were to provide a baseline for the Agency. JG emphasised that at this stage it was clear that energy consumption dominated the HS carbon footprint.

7.4 RY noted his interest in the work being carried out by PG on climate change and suggested that HS worked with other like organisations, such as A+DS, to progress projects and policy. All agreed such links would be beneficial.

**Action 9: PG to explore with CE of A+DS the scope for more effective collaboration on Climate Change policy/ matters.**

7.5 David Mitchell (DM) added that, in terms of climate change policy, HS was technically sound and now leading the field in certain respects. As the Agency was now producing hard data, which in turn would support Inspectorate work, DM felt that HS should be more aggressive in its communication of these robust findings. It was suggested that the new *Inform Guide* was a good example of this.

7.6 Further discussion was held on this point and it was agreed that a creative approach was needed. LB commented that, by taking the lead from PiC's site-based programme which seeks ideas from staff about HS operations, the new intranet could be utilised to

gather suggestions. RY added that it would be beneficial to demonstrate to HS visitors the kind of steps the Agency was taking to reduce its carbon footprint and how similar steps could be taken in their own homes. All agreed both suggestions should be taken forward.

**Action 10: LB/ PB/ PC to explore using the new Intranet to seek suggestions, particularly from non-PiC staff, on improvements that could be made to HS operations, particularly to reduce carbon footprint.**

**Action 11: TCG/ PG to explore with PiC the scope for disseminating the *Inform Guide* and other climate change information at PiC sites.**

## **8. Best Value Review of HR and Finance**

8.1 JG presented this update and stressed that the key point to note from the Scott-Moncrieff Report was its clear recommendation not to pursue outsourcing the HR and Finance functions. Although SMT agreed with the main conclusions of the report, it felt that some of the criticisms of the functions were unjustified.

8.2 Once HS had a proposed strategic vision and service definition for each function and an action plan for the improvement programme, it would be circulated to the Board for comment. SMT would take action on this over the next few weeks. LAP added that the review process of these functions had now been given momentum and focus.

**Action 12: LAP/ BON to draft “service definition” asap.**

8.3 The key section of the report was Chapter 4, which recommended that the Agency’s first action should be to strengthen its HR and Finance functions in-house. , JG observed that these functions in HS were generally rated higher by customers than the comparable functions within the SG. In response to DMG he gave an assurance that the report raised no concerns about effective controls. These functions were not failing, just that there was room for their improvement.

## **9. Staff Survey – Final Report**

9.1 Pat Connor (PC) presented the findings from the HS Staff Survey, which had been conducted by MORI. He explained that the results from this recent survey were the best the Agency had received. Despite two Groups, Policy Group and MCU, providing some areas of concern, in general the report results proved consistent or better than MORI norms. PC added that this MORI-led staff survey was useful as it allowed HS to be benchmarked against other public sector organisations.

9.2 It was pointed out that the process of follow-up to this staff survey was different as efforts had been made to garner opinion of staff through workshops and to test how staff saw the overall operation of the Agency. PC envisaged the next stage of this process would involve tackling internal communications and holding impromptu meetings with all grades within the Agency. This pro-active approach would allow issues to be dealt with before the next staff survey.

9.3 RY asked how the results varied between those staff members who were based at Longmore House and those in different parts of the organisation. PC replied that, surprisingly, the difference was marginal: only 1-2% across the Agency.

9.4 AMS suggested that the ‘cultural’ issues of cohesion and perception of value between Groups within the Agency had to be dealt with through SMT influence. Several other NEDs agreed. PC explained that steps had been taken to make the SMT’s decision-making and individual Groups’ work more visible to all Agency staff by, for instance, utilising the new Intranet. However, he urged the Board not to over-emphasise the group culture aspect of the results: some staff did not require to work outwith their own Group. DMG

added he was willing to assist in facilitating a workshop or seminar, as part of the new staff induction, on the role of the Non-Executive Directors.

**Action 13: DMG to work with PC on developing this workshop/ seminar.**

## **10. Scotland's Historic Properties: Visiting the Future - Oral Update**

10.1 A booklet on Scotland's Historic Properties was distributed to the Board. JG provided a brief update on the current position of the Historic Properties Group (HS, the National Trust for Scotland and the Historic Houses Association) by explaining that the Report had been commissioned and finalised in the summer and HPG had had a useful seminar, addressed by the Minister. HPG was due to meet in January when it was aimed to have the full action plan in place in response to the report.

10.2 PB informed the Board that it had taken 2 years to get to this point with the 3 bodies and now there was enthusiasm for the project, it was time to address the following questions: what resources were required to serve the network and what role did HS etc have in the quality of that service?

## **11. Current Issues/ AOB**

11.1 Due to time limitations on the day, this item was not covered at the meeting. JG asked Directors to inform him of any current issues so that they could be circulated to the NEDs asap.

**Action 14: NEDs to receive Current Issues/ AOB update as soon as possible after the November Board meeting.**