

HISTORIC SCOTLAND BOARD MEETING

Minutes of Meeting

Thursday 17 December, 13.00-17.00

Longmore House, Edinburgh

Those Present:

Ruth Parsons	Interim Chief Executive
Lucy Blackburn	Director of Policy
Peter Bromley	Director of Properties in Care
Pat Connor	Head of Media and Communications
Malcolm Cooper	Chief Inspector
Marc Ellington	Non-Executive Director
John Lennon	Non-Executive Director
David McGibbon	Non-Executive Director
David Mitchell	Director of TCG
Brian O'Neil	Director of Human Resources
Linda Ellison	Interim Director of Finance
Ann Marie Stannard	Non-Executive Director
Bob Stewart	Non-Executive Director
Raymond Young	Non-Executive Director

In Attendance:

Olwyn Owen Board Secretary

1. Apologies

1.1 There were no apologies.

2. Minutes of the Previous Meeting

2.1 The Minutes of the previous meeting (29 October 2009) were approved, except for para 12.3 on policy for listing buildings. **Action: MC to provide revised wording.**

3. Matters Arising

3.1 Most actions had been dealt with or would be covered later in the agenda. The following matters arising were mentioned:

- 9.1 & 10.4 – Performance and reputation management: These action points are ongoing.
- 11.2 – Risk Register: LE said she proposed to revise the format to produce a more concise Register. This was agreed. **Action: LE to revise the format of the Risk Register.**
- 12.5 – Conservation areas: LB reported that the Minister had agreed in principle to work leading to a proposed SHEP on conservation areas. **Action: Inspectorate and Policy Unit to take forward work on conservation areas.**
- 12.8 – Publication of the Analysis Report: The Analysis Report would be published shortly.
- 15.2 – 'Meet the Board' event for LH staff: It was agreed this had been a success and should be repeated.

4. Chief Executive's Update

4.1 RP reported that SMT had held a very useful strategy meeting on 4 December. This had covered a wide range of issues, including the value of the historic environment; HS's stakeholders in the widest sense; the agency's purpose, aims and operation. Staff would be invited to contribute in early 2010; it was important to find time to allow colleagues to participate in an open and considered process.

4.2 There had also been a useful meeting between SMT and team leaders (around 60 staff) on 9 December. RP had given an introductory talk covering the political context since Devolution; the Government's purpose with its focus on economic recovery and issues such as climate change; and then considered the agency's links with Government and gave her first impressions of HS and its work. She had also highlighted some areas for improvement, such as the culture of the organisation and behaviours which might give rise to stakeholders' criticism. She emphasised that as part of the change programme, team leaders should consider how they could support their colleagues. A question and answer session followed.

4.3 RP outlined the recent changes in Policy Group. She said that LB would lead on the Bill, which had a critical timeline that would coincide with the UK election. The new Policy Unit was now sited within the Chief Executive's office and line management. The changes would help develop corporate responsibility for areas of policy work; for example, MC would now be lead Director for the BARR work and DM for work on climate change. The Grants and Investment team was now part of HSI.

5. Strategic Update

5.1 RP cited the importance of improving stakeholder relationships in areas such as the Edinburgh Castle tattoo stands and the management of World Heritage Sites. Some other areas of HS operations were also under review, such as the structure of corporate services.

5.2 DMcG said this was an exciting time for HS and it was important to maintain momentum. RY said it was important to reassure stakeholders that the process of change would continue despite the change of Minister. RP said it was a benefit to HS to have the previous and current Ministers in Cabinet. In addition, she would be meeting regularly with the new Minister and with Andrew Goudie in DG Economy. She had also instigated discussions with the new head of Culture Division to consider the interface between Culture Division and HS. This was an opportunity to reposition HS within Government.

5.3 The independent review of NTS was discussed. RP had met with the Minister and George Reid to discuss his initial findings. The review had been commissioned by the NTS Council, but there were signs it might consider the wider shape of the heritage landscape. The nature of HS's involvement in the review needed to be considered. PB was preparing a briefing for Mr Reid on HS's interactions and partnership with NTS; there was scope for more joint working, for example, on marketing and sharing expertise in care and maintenance. PB said the Historic Properties Group works well. LB said the HEACS report had argued the heritage sector was not cluttered and MC said it was important for the sector to contain a range of organisations with different structures. BS said HS should play a lead role in this discussion. RP thanked the Board for a helpful discussion.

6. Finance Report (HSB 38/09)

6.1 LE introduced the report. Income had increased by £0.079 million. An underspend was forecast on current indications, but the Directors had reported they were expecting to spend to profile. The pressure on grants had reduced slightly. LE was planning to look at how to deal with any underspend and capital bids in a more corporate way. She would also find it helpful to see the legal commitments accompanying purchase orders, for example, on the Stirling Palace contracts. PB agreed this would be useful: the Stirling contracts had all been let, but the funds had not yet been spent.

6.2 DMcG congratulated LE on the Finance Report. As Chair of the Audit Committee, he thought it might be useful for him and LE to discuss what other changes might be helpful. **Action: DMcG and LE to discuss possible revisions to financial arrangements and reporting.**

6.3 Concern was expressed about a possible underspend at this stage of the year. DMcG said that any deviation from the projected spend-to-date on a large project such as Stirling inevitably caused problems; BS said capital budgets required active management. MC said many HSI projects and cases would benefit from additional funding, but it was difficult to bring forward projects at this time of the year and that allocating funds in December/January disadvantaged parts of the agency. LB suggested factoring in earlier in the year that grant cases could be brought forward at this time of year. DMcG said the agency needed to prioritise in advance how to spend any end-of-year funds. RP agreed a more considered approach was needed to deal with this recurring situation. PB said that 'annuality' affected the whole agency, for example, if PiC achieved increased income, the monies had to be spent before the end of the year. **Action: RP and LE to consider how to improve end-of-year financial planning and report back to the Board.**

6.4 RP said she was not aware that HS would be asked to return further funds to the centre. It was clear the financial position in 2010-11 would be tight, which meant that bringing forward projects was more risky than usual. Next year would be more limited in terms of capital spend. She thanked LE for the Finance Report.

7. Audit Committee Report

7.1 DMcG reported on the Audit Committee meeting which took place on 9 December. Apologies were received from Rosalyn Marshall, but all other members were present, together with Audit Scotland and SG Internal Audit. Laura Petrie had attended in an advisory capacity. The Committee had welcomed RP and LE. RP had given an overview of HS's activities since her appointment, and mentioned the Ministerial Summit and Parliamentary debate. Looking ahead she said it was clear the financial situation would be difficult for public services.

7.2 Laura Petrie gave the financial report, which indicated a probable positive outcome against budget by around £900,000. The agency had already had to surrender £938,000 for 2010-11.

7.3 The Risk Register was discussed and it was agreed this needed to be revised. On information risk management, it was noted the agency was in discussion with the company, Gateway, which had so far not signed up to the required conditions on data protection.

7.4 There was discussion of the new IFRS reporting requirements on heritage assets. This will require HS to value a number of assets. It was agreed to liaise with other organisations facing similar requirements, such as NMS.

7.5 PB reported on income and commercial IT systems. It was noted there are five business-critical systems which could become an operational risk. Further work on this is needed. It was noted that HS's IT policy should align with that of SG.

7.6 PB reported on major incident planning for properties in care. Progress had been made in the last year at the strategic level and in working with other bodies. The Committee noted there had not been a major incident exercise at a large property (such as Edinburgh Castle) involving the emergency services, the local authorities and all the relevant companies. It was agreed this would be advisable.

7.7 AMS updated the Committee on the Scottish Ten. A Limited Liability Partnership (LLP) had been formed and a legal agreement was being drawn up between HS and the Glasgow

School of Art. The strategic context was being considered in relation to the Government's priorities.

7.8 Internal Audit reported on financial services and information risk management. The Committee was reassured on financial services, but agreed that further work was needed on information risk. Internal Audit also outlined its plans for 2010-11.

7.9 Audit Scotland reported on IFRS shadow accounts; the necessary actions had been agreed and implemented.

7.10 BO'N produced a paper on the Gifts and Hospitality Register, which would bring HS into line with other parts of Government. DMcG provided a copy of the guidance operated by Caledonian MacBrayne. BO'N said HS was also considering introducing a Register of interests for staff.

7.11 MC said he would like to see Audit Committee minutes and other members agreed. **Action: Audit Committee minutes to be circulated to the Board as soon as they are available.**

7.12 RY asked about the relationship between HSB and the Audit Committee: does the Committee report to the Board and do the minutes need HSB approval? DMcG said the Audit Committee was independent of the Board. It reported to the Accountable Officer (the Chief Executive), but would report to the Board any matters of concern. HSB's remit comes from the Minister; the Audit Committee's remit comes from the Chief Executive and is agreed by the Board.

8. Communications and Media Activity Report (HSB 39/09)

8.1 PC introduced the report, citing the HSI e-newsletter as a new development, and mentioned some of the main FoI cases. He brought HSB up to speed on his team's positive experience of working with the new Minister, for example, at the launch of the Scottish Archive of Building Skills. RY said he thought the HSI e-newsletter was very good.

8.2 PB raised the issue of the Gaelic Plan which was to be completed by the end of 2010. HS had received a grant to produce interpretation boards and publications in Gaelic, and needed to start commissioning these now. He suggested the HS logo should be used with Gaelic beneath it, as this was cost-effective and would meet the timetable. This was agreed. PB said that in his view HS corporate branding did need to be reconsidered in due course. BO'N said there was a potential shortage of approved training providers at this time to give HS staff Gaelic awareness. DMcG said that CalMac was well down this road and could advise. **Action: DMcG and BO'N to ask CalMac for advice on staff training in Gaelic awareness.**

8.3 JL said there were about 50,000 Gaelic speakers among the population. This was an important sector, but it was also important to use the new media better. For example, there were 500 million users of Facebook, but no HS presence, and it was still not possible to buy tickets on-line for the majority of properties. He asked about plans for e-marketing. PC said any developments had to deliver for HS.

8.4 RP concluded that the low-cost option for the HS Gaelic logo should be used now, and that longer-term marketing solutions would be considered.

9. Scottish Ten and Joint Venture with Glasgow School of Art (HSB 40/09)

9.1 DM introduced the paper and apologised for its lateness, but said the papers had only just been agreed in outline. He thanked AMS, LE and Martin Fairley for their help. He outlined the general principles. The LLP would deliver the Scottish Ten, but there was also a research and commercial opportunity. This type of commercial venture was new to both HS and the Glasgow School of Art, but could be a useful model for the future. The LLP would be wholly

owned by both organisations. Its aim was primarily to deliver the Scottish Ten, but it would also deliver the digital aspects of the Bannockburn project. Other commercial projects with the Glasgow School of Art were possible under the LLP.

9.2 AMS described the structure of the LLP which would have an Operational Group and a Management Group. All aspects of the operation would be covered by a suite of agreements, for example, facilities and services agreements. LE said that revenue streams would flow between the two organisations. AMS said that any surplus could either be withdrawn as profit or used to develop other projects. AMS would sit on the Management Group for HSB as a Non-Executive Director. The HS Grants and Investments team would deal with the funding. AMS said HSB approval was needed to move forward.

9.3 DMcG said he approved the proposal in principle, but would also like to see the Business Plan with predicted cash flows and budgets. He asked about insurance, including Directors' liability insurance, and intellectual property rights. He said the arrangement must be open and transparent. BS asked about the reporting mechanisms. DMcG suggested asking Internal Audit whether they were content with the controls in place and that DM should report to the Audit Committee with further information; this was agreed. **Actions: LE to ask Internal Audit for comments; and DM to report to the Audit Committee's next meeting.**

9.4 JL asked about the likely income and margins. RP said the Minister had committed £1.5 million for this project but, if there was any shortfall in funding, the project scope might be re-evaluated. RP said this was not primarily a commercial investment: the project was also about promoting Scottish identity and showcasing Scottish excellence in research and innovation. RP said this was a genuine research partnership. RP said it was important to determine the appropriate level of HS staff resources to devote to the project. RY said this should be monitored and recorded, and the impact of the project for HS and the wider Government evaluated. DM said that Edinburgh Council seemed likely to support the project. He said the programme for Scotland Week at the start of April had been revised and that this project (and the heritage sector) would now feature highly. RY said this model could have implications for many other Government activities. BS said there could be further opportunities in Europe. RY asked if it complied with EU regulations; DM confirmed this had been checked and it did. ME said Scottish Enterprise might be interested in similar ventures. BO'N said that any conflicts of interest must be recorded.

9.5 The Board gave approval for the project to proceed as planned.

10. Historic Environment (Amendment) Scotland Bill (HSB 41/09)

[Bill Macquoen joined the meeting]

10.1 LB introduced the paper and outlined the timetable. The Bill would be considered in Cabinet in early January, aiming for introduction by early April. The final timetable would rest with the Parliament, but for planning purposes the working timetable was for Stage 1 debate in June, with Stage 2 in the autumn and the Bill completing its parliamentary stages towards the end of the year. LB explained the how the process was being staffed. She said that all comments received at the consultation phase had been thoroughly considered and taken account of where appropriate. She said there were no areas of outstanding concern in relation to comments in the consultation on the financial and regulatory impact. She reminded HSB that RY sat on the Bill risk management group, and RY confirmed he was content with the process and progress. LB asked how best to keep HSB fully informed, when crucial stages of the programme might not coincide with HSB meetings. The draft Policy Memorandum, which would develop a narrative around the Bill and its individual provisions, would be circulated to SMT in January.

10.2 LB brought HSB up to date on some of the detailed issues it had considered at its last meeting, including liability for urgent works and certificates of immunity. Further consideration was being given to the definition of a monument and on gardens and designed landscapes. AMS raised the issue of conservation areas, which had been discussed at the Board's last

meeting. BS said conservation areas could be the theme of an HSB tour. **Action: SMT to consider remit, timing and mechanics of a research project on conservation areas and bring it to the next HSB meeting.**

10.3 The importance of communications was discussed. LB said the Bill was relevant to many HS staff and it was important to manage internal as well as external communications; work on this was underway. RY said it was important to ensure that stakeholders are kept informed and remain involved.

10.4 The Board approved the paper and commended LB on progress so far.

11. Review of HSB's functions and operation (HSB 42/09)

11.1 OO introduced the paper and outlined its main proposals. The Board approved the outline shape of the year's home meetings and tours. It was agreed the order of the agenda for home HSB meetings should be reversed to ensure that strategic issues and cases received adequate attention. BS and DMcG said the Non-Executive Directors would be pleased to advise on issues and cases between meetings. RY said that HSB papers must be clear and consistent. RP said the minutes of meetings would henceforth be published in full.

11.2 Discussion moved on to future HSB tours. It was agreed there should be fewer, better-focused and more productive tours, which should each consider a topical or strategic theme. The April tour would be on the theme of management of World Heritage Sites and would be based around the Antonine Wall. Suggested themes for future tours included the Castles Initiative, conservation areas and climate change. Other suggestions included holding a Meet the Board event for the public; media events, for example, at Fort George; and it was agreed that 'home' meetings might also take place out of Longmore House, for example, at the Glasgow School of Art. There was discussion of the location of tours to coincide with the themes: Orkney was suggested as a good venue for considering climate change and traditional buildings, possibly in August 2010.

11.3 The Board approved the proposal for Board training in early 2010.

11.4 The mechanics of production of the guidance were considered. OO said it would be a collaborative effort, with drafting led by Secretariat with input from RP, LE and BO'N in the first instance. Draft sections would be circulated to Board members for comment. It should be completed by the end of 2010.

12. Current Issues / AOB

12.1 Ministerial Summit – Feedback Report (HSB 43/09). The Board noted the feedback from the Ministerial Summit. It was suggested a theme for another Summit might be climate change and traditional buildings. LB said HS should follow up on themes suggested by attendees at the Ministerial Summit. RY suggested that HS should write to Summit delegates to inform them of future plans following the change of Minister. **Action: SMT to consider whether to arrange a post-Summit seminar and to prioritise themes for further summits/seminars.**

12.2 Lighthouse Trust – RY reported that the Lighthouse Trust had gone into receivership. Three programmes funded by the public sector had been transferred to ADS, together with some staff. Part of the building was available for use by the built environment sector, for example, for meetings or conferences in Glasgow.

12.3 St Andrews Day free weekend – PB reported that the free weekend had attracted 40,000 visitors.

12.4 Abolition of HEACS – LB reported that Stage 2 of the Public Services Reform Bill would be considered after Christmas.

12.5 Gordon Barclay – LB reported that Gordon Barclay, Head of Policy, had just retired. HSB thanked him for his work in supporting the Board and its Secretariat.

12.6 Casework update – MC brought the Board up to date on some casework:

- Antonine Wall – a Public Local Inquiry (PLI) on an application affecting the Antonine Wall (Falkirk Distillery) had just finished. This was the first PLI affecting the Wall since it was inscribed as a WHS.
- Odeon Cinema – the result of the PLI was imminent.
- Barra Castle – the case was ongoing.
- HMS Carrick – this case will be discussed with colleagues in Culture Division.
- Rowallan Castle – RP will shortly be meeting the owner at his request.

12.7 HLF Masonry Bursary Scheme – DM said that HLF had awarded an additional £0.5 million to extend the Masonry Bursary Scheme (now £2 million per annum). Exemplar design-and-build conversions were taking place in the outbuildings at Dumfries House, which was giving an insight into the experience of developers. This would be filmed and might be a suitable project for an HSB visit.

12.8 Partnership Working – BO’N said that SMT and the TUA were undertaking a piece of work on Partnership Working, which would include revisiting the Partnership Agreement. This could involve AMS and DMcG as Non-Executive Directors.

12.9 Lucy Blackburn – RP said this would be LB’s last HSB meeting as she was now moving to be Bill Director. RP warmly thanked LB for her contribution both as Director of Policy and as a member of HSB.