

HISTORIC SCOTLAND BOARD MEETING

Minutes of Meeting

Thursday 29 October, 9.30-12.30

Longmore House, Edinburgh

Those Present:

Ruth Parsons	Interim Chief Executive
Lucy Blackburn	Director of Policy
Peter Bromley	Director of Properties in Care
Pat Connor	Director 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
Laura Petrie	Director of Finance
Ann Marie Stannard	Non-Executive Director
Bob Stewart	Non-Executive Director
Raymond Young	Non-Executive Director

In Attendance:

Nick Hex	Audit Scotland (observer)
Liz Ribchester	Audit Scotland (observer)
Bill McQueen	Policy Group (for item 12 only)
Olwyn Owen	Board Secretary

1. Welcome and introduction to Audit Scotland observers

1.1 RP welcomed Liz Ribchester (LR) and Nick Hex (NH) to the meeting. NH explained that Audit Scotland is carrying out a study of the roles and responsibilities of Scotland's 106 public bodies. The aim is to review how Boards operate and whether they are providing effective leadership, judgement and accountability. He stressed this is not an audit of HSB, but of how the Boards of public bodies operate in general. The draft report will be sent to HS for comment and to be checked for accuracy. It is due to be published by April 2010.

2. Apologies

2.1 There were no apologies.

3. Minutes of the Previous Meeting

3.1 The Minutes of the previous meeting (26 August 2009) were agreed.

4. Matters Arising

4.1 The Secretary said that most action points had been dealt with (eg. 13.1 – speakers to be suggested for the Ministerial Summit); or would be considered later in this meeting (eg. 6.1 – Risk Management reports). The following matters arising were mentioned:

- 8.7 – Maeshowe car park: PiC had discussed with Orkney Islands Council (OIC) whether it was an option not to provide a car park. OIC said that planning approval would depend on providing a car park to comply with National Car Parking Standards. PB had written to the Non-Executive Directors to let them know the outcome.

- 10.3 – Democratisation of HSB: Comments on the paper had been received from two Non-Executive Directors and circulated to HSB.
- 12.1 – Rothesay Update: LB had provided a written update which had been circulated to HSB.
- 13.1 – Links of Noltland: PB said the loss of this Property in Care as a result of erosion was an exceptional risk. **Action: PB to provide wording for the Risk Register.**

5. Chief Executive's Update

5.1 RP thanked the Board for their valuable contributions to the Strategy event the previous afternoon and agreed to provide the Board with a worked up plan for consideration at the next meeting. **Action: RP to provide a worked up strategy plan for next HSB meeting.**

6. Built Environment Summit – 3 November 2009

6.1 LB reported on preparations for the Summit and provided the Board with a draft of the paper due to go to the Minister today. There was still some detailed choreography to be done in terms of managing the day, but it had been agreed that a Non-Executive would lead the facilitated break-out sessions with an Executive Director in support. She said that she and RP were meeting the Minister immediately before the Summit to discuss the Historic Environment (Amendment) Scotland Bill.

6.2 In general discussion it was agreed the Board should take the opportunity to actively engage with delegates. It was agreed the Board should meet briefly before the event to discuss the final shape and the approach to the event and that it would also be useful to meet directly after the Summit to reflect on the day and how we might take it forward. RP was pleased that invitations to the event could be extended to some HS staff and said Directors should ensure they understood the purpose of the day and the support they could provide to make it an open and engaging day. She thanked LB for her work on the Summit. **Action: RP to minute HS staff attending the Summit.**

7. Finance Report (HSB 31/09)

7.1 LAP introduced the report. The income position had improved and was now much better than had been expected nine months ago. The target income of £26.2 million was now well on track. LAP reported that grants continued to come under significant pressure, and needed to be monitored carefully. LAP highlighted the scale and challenges presented by the Stirling Castle project which was on course to underspend. LAP also highlighted pressures on the Archaeology Programme. These pressures were not unexpected following the significant reduction in the planned budget for 2009/10 in these areas.

7.2 LAP advised the Board that the additional income had allowed SMT to allocate these additional funds. Following a discussion at SMT, it was agreed that allocations would be made to reflect new and emerging priorities, as well as supporting key areas which had previously seen significant budget reductions. Allocations were made for climate change adaptations, HSI's upstreaming work with local communities and the Archaeology Programme. The agency now appears close to a healthy break-even position, but it was important to keep a close watch on the income position.

7.3 DMcG said this was a very encouraging performance in a difficult year, and it was right to allocate monies to areas that had previously been cut. AMS asked about Stirling Castle. PB said there had been problems with an under-performing contractor, but that this was being monitored weekly. It was planned to bring forward some of the work scheduled for next year, such as interpretation, so the overall spend this year is on course, but not all the work that was expected to be done this year will be completed. He advised the Board that the project should be back on track by next year.

7.4 RY asked if the Government might ask for more funds to be returned to the centre, but LAP thought this unlikely in 2009/10. RP said that in her view there was a risk this could happen: she would ask Andrew Goudie for information. LAP said the Minister had recognised the agency's excellent financial performance this year. The budget for next year was going through Parliament now and the income target for 2010/11 was £26.9 million. RP agreed that expectations of the Agency were high and the income was critical to the Agency's performance going forward. **Action: RP to ask Andrew Goudie about likelihood of budget cuts next year.**

7.5 BS asked about the financial position on the Bannockburn project. LAP said that funding would be provided by SG Culture portfolio and that initial transfers had been agreed. RY asked if the budget included the cost of staff time. LAP said no: the budget was for capital costs. LAP reminded the Board this was a partnership project with NTS. MC confirmed he was leading on the project for HS and said the Board would receive regular reports.

7.6 RP thanked LAP for the report. She said it was important to have transparent decision-making on financial matters: spending decisions had to be right for the whole agency.

8. Audit Committee Report

8.1 DMcG reported on the Audit Committee meeting held on 30 September. All members had been present, as well as Audit Scotland and internal auditors. He said that in future the Minutes of the Audit Committee should be circulated with other HSB papers. The next meeting would take place on 9 December 2009. **Action: Secretary to arrange for Audit Committee Minutes to be circulated to HSB.**

8.2 The need for a Gifts and Hospitality Register had been discussed. BO'N said there was already an HS policy on this, and RP said the Government had just revised its policy on gifts and hospitality. BO'N had been asked to provide a progress report to the next Audit Committee meeting.

8.3 John Graham had provided an update on various matters, including the Summit. LAP presented the Finance Report and the Committee had noted the improved income position, but also that there was little scope for end-of-year flexibility and there might be a further reduction in baseline funding.

8.4 The Committee had noted progress on various audit recommendations. It agreed to bring the need for more progress on business continuity planning to the attention of the new Chief Executive. It also noted the report on information risk management, but felt the deadlines were unrealistic as no extra resources had been made available. It noted the final validation of the KPTs for 2008/09.

8.5 The Committee discussed two reports on the internal audit plan, covering HR and the funding of heritage bodies. The next audit will cover project management of PiC Major Projects; this will commence on 26 October. Internal audit also presented their final report on PiC Marketing and Media.

8.6 Ruth Brown of Audit Scotland presented their final report on 2008/09 and indicated areas they would consider in 2009/10. These would include the risks and opportunities arising from changes in the HS Senior Management Team.

8.7 It was noted there was a small projected shortfall in the performance of Efficient Government in 2009/10 and that achieving the target in 2010/11 would be challenging. Kari Coghill presented a report on risk management regarding PiC income and the need for new commercial systems. This was costed at £1.2 million, with £300,000 likely to be available in 2010/11 and £590,000 in 2011/12.

8.8 The Committee noted the need for a Business Case on the Scottish Ten Project and hoped this would be available by the next meeting. Finally, it noted John Graham's imminent retirement and recorded its appreciation of the support he had provided to the Committee.

9. KPTs Quarter 2 Report: July – September (HSB 32/09)

9.1 RP updated the Board on SMT's recent discussion about performance management and KPTs. She said it was crucial to deliver on the KPTs and for SMT and the Board to regularly monitor progress. She added, however, that it was important to recognise that the KPTs did not represent the full range of key activities and outcomes delivered by HS and a stronger mechanism for reporting and monitoring the performance of the agency was required. **Action: SMT to review the performance management of HS and identify a reporting system for SMT and the HS Board.**

9.2 LAP discussed the three 'amber' targets: KPT 4 (on publications) was at risk as it had no owner but advised the Board that PC would lead on this target for SMT; work was in hand on KPT 10 (efficiency savings); and it was yet to be decided whether to proceed with the stakeholders' survey (KPT 11). AMS asked about the latter. RP explained that HSI was conducting a stakeholder survey as part of its Improvement Plan, and it was important to consider carefully whether another survey was appropriate. MC explained the reasoning behind the HSI survey. RY suggested that an option may be to ask the Minister to agree to amend the KPT to relate to the HSI survey; the Board agreed this was a sensible option. **Action: RP to propose to the Minister that the wording of KPT 11 be amended to focus on the HSI stakeholders' survey.**

10. HSI Quarterly Business Report (HSB 33/09)

10.1 MC introduced the report. He said the HSI quarterly reports had been introduced to allow HSB to monitor HSI's performance, as it did that of other divisions. HSI monitors some 60 areas of activity on a monthly basis. MC reported that there had been a slight reduction in the number of listed building consent notifications and planning applications, which may reflect the recession. However the more general impression was that applications were still being submitted for listed building consent and planning consent but not then being implemented, and there was an increase in preparatory work (such as EIAs) for future development proposals. He noted also that there had been a significant growth in FoI requests over the past 2-3 years. MC then updated the Board on significant cases. These included the Odeon Cinema, Edinburgh, the proposed tower at Haymarket (which had been refused following call-in), and Barra Castle, Aberdeenshire.

10.2 In the context of a discussion about publicity and casework, RY welcomed the approach highlighted by the Scottish Castles Initiative as a broader model. PC said the Initiative had already attracted a deal of good publicity and the support of the reference group in developing and implementing the project had been of great importance. RP said that investment in early 'upstreaming' work was crucial. There was a big piece of work to be done in terms of reputational management and she would welcome the help of Non-Executive Directors with this. She congratulated MC on HSI's initiatives and noted the need to work more closely with LAs in tune with the Concordat between central and local government. She said that this discussion had again highlighted the need to bring HSB a more comprehensive report on the performance of the agency. **Action: RP/SMT to consider how to take forward work on reputational and performance management.**

11. Risk Quarter 2 Report: July – September (HSB 34/09)

11.1 LAP said that following HSB's discussion in August, Directors had flagged up more extreme and high risks in their areas; these had now increased from 12 to 24. She said HSB needs to re-visit first principles in advance of the Review in 2010. LAP highlighted the Annual Security Return which had to be submitted to Cabinet Office. HS needed to make substantial improvements by July 2010.

11.2 BS said the register does not say what is being done to mitigate risks. LAP said this information was available (eg. background, owner, action), but she had opted to keep the HSB report short. BS and ME said they would like to see the whole register. RY said the wording was inaccurate, for example, the risk is swine flu and not 'pandemic planning' shown in the register. AMS said the risk register was dealt with by the Audit Committee, but agreed that its terminology was inconsistent. PB agreed Directors were struggling to get the format and wording right; but his main concern was that other risks were building up, such as lack of maintenance across the estate. RP said it was for SMT to manage the whole portfolio of risks, with the high risks reported to HSB. **Action: LAP/SMT to amend narrative of the risk register and to provide HSB with full information on the high and extreme risks for its December meeting.**

12. Historic Environment (Amendment) Scotland Bill (HSB 35/09)

12.1 [Bill McQueen joined the meeting]. LB introduced the paper. This was a corporate project with a cross-agency steering group which included RY. Additional funding had been made available for this year and next, and was being shared between teams. There was a little headroom to commission other work, for example, to provide educational materials next year. LB and RP had met the Minister just before the Summit and he was pleased with progress. Turning to the paper itself, she asked HSB especially for comments on the Analysis Report and paras 11-17: certificates of immunity; statutory duties on local government; conservation areas; and financial and regulatory impact. She also hoped to unpick some of the potential 'unintended consequences' raised by the consultees.

12.2 A lengthy discussion followed. RY said it was important to give attention to the handling of the Bill's passage through Parliament as there was a risk that if it fell or was amended significantly it could threaten the foundations of protection of the historic environment.

12.3 The Board discussed certificates of immunity. LB advised the Board that some respondents had been concerned about the workload if they became standard practice. MC explained the limitations in the present Listed Building legislation. He indicated that in theory if there were many requests, or a request from a single large estate, there could be a significant increase in HSI workload, which could lead to a reduction in area-based and thematic listing. However, he felt the concerns raised in the consultation could be met through the design of policy on applying any new provision, which did not impose an absolute duty. The Board also discussed the 5-year period the certificates would apply for. RY suggested that guidance should be produced for the public. LB said the first step in this would be the Policy Memorandum, which would develop a narrative around the Bill and its individual provisions.

12.4 The Board then discussed a statutory duty of care for the historic environment. LB noted the Government's commitment not to impose new burdens on LAs. LB noted that there appeared to be particular concerns about the management of change in conservation areas. MC noted that concerns about conservation areas could be dealt with effectively as a matter of research and policy, including publishing a SHEP on conservation areas. He suggested that HS should undertake a study of conservation areas in the context of place-making, working in partnership with the LAs. **Action: LB to brief the Minister further.**

12.5 Discussion then turned to the statutory provision of HERs. MC said there had long been a debate around this issue, involving RCAHMS, the LAs and HS: strategic discussion and agreement about the respective roles of these bodies was needed. RP said that this issue should be explored further. MC commented that HERs mean different things to different people. LB said Stage 2 amendments are not likely to be considered until after the summer recess 2010 and suggested undertaking a tightly defined project to investigate what, if anything, it might be practical to do here, which could report its conclusions in time for Stage 2, should this continue to be an area of concern. MC said that RCAHMS was already undertaking a study of the quality of HERs across the country. **Action: RP/LB to brief the Minister further.**

12.6 In view of lack of time, LB said she would bring issues around the financial and regulatory impact (sections 5.25-5.26 of Annex D) to the next HSB meeting for discussion. **Action: Financial and regulatory impact to be considered at HSB's next meeting.**

12.7 LB asked HSB for advice on whether or not to publish the Analysis Report now. She suggested that HS's response could be published as part of the Policy Memorandum. RP felt that transparency and openness was paramount and concluded that the Analysis Report should be published now. **Action: LB to make arrangements for early publication of the Analysis Report .**

13. HSI Modernisation Programme (HSB 36/09)

13.1 MC summarised the paper and work being undertaken as Stage 3 of the Modernisation Programme, including the customer survey [mentioned at 9.2 above]. He said work was focused on the 'aftercare' of the programme, especially training and initiatives to embed the changes within HSI. Jim MacKinnon had taken a great interest as there were similar issues in the LAs. RY said he was impressed by the Modernisation Programme. HSB noted and approved the report.

14. Communications and Media Activity Report (HSB 29/09)

14.1 PC introduced the report. He said that he had new staff in place and looked forward to being more proactive, including developing strategy and action planning, rather than just 'firefighting'. He cited *Scotland's Protected Places* as an example of where more could be done to promote an initiative.

14.2 AMS suggested the Communications and Media Activity Report should also look ahead to future activities and plans. PB explained there had been recent changes in press handling across HS, with some PiC media work now being handled by PC's team; some details still needed to be clarified, such as media handling on the back of PiC marketing initiatives. JL thanked PC for the website update, but said that progress on on-line ticketing was too slow. HSB noted and approved the report.

15. Future HSB Meetings and Agendas

15.1 RP raised the issue of the format of future HSB meetings and the balance to be struck between normal meetings and tours, and the amount of time available. DMcG said he found the tours and dinners with local stakeholders very useful. He said HSB could be more accessible and suggested adverts might be placed in local papers inviting public engagement. ME said it was important to manage public engagement: not all dinners had been a success in this regard. MC said the tours were resource-hungry and had to have high impact to be worthwhile. He thought HSB should review the purpose and format of tours; LB agreed there needed to be a clearer view of the purpose of tours. RP said the Secretary would prepare a paper; PC offered the help of the new Events Officer. **Action: Secretary (with help from Events Officer) to prepare a paper on the purpose, format, frequency and logistics of future HSB tours.**

15.2 BO'N said HSB should meet more staff on tours. RY suggested the Board should take the opportunity to meet HS staff when in Longmore House. LB said it had been agreed previously that staff should have an opportunity to meet HSB, but no action had been taken. ME suggested HSB could lunch in the canteen and be available to meet staff on HSB meeting days: this was agreed. **Action: Secretary to arrange for HSB to be available to meet staff over lunch before its next meeting.**

15.3 AMS raised the issue of the content of meetings. RP agreed more time was needed to discuss strategic issues and big cases/projects. DMcG suggested meetings should last a day, with operational matters discussed in the morning and strategic issues in the afternoon. RP said this could be considered as part of the review of HSB's functions and operation.

16. Current Issues / AOB

16.1 Links of Noltland. PB said this extremely important site was being lost to erosion. The 'Orkney Venus' has attracted huge interest and contributed to increased visitor numbers at Edinburgh Castle; it will now be displayed around the country, ending in Westray. RP said the media coverage had been excellent. RY said it was a pity that discoveries at Forteviot, made at about the same time, had not received much publicity and suggested it might also be HS's responsibility to promote coverage of other exciting sites not in its care. **Action: PB to circulate a paper on the latest situation at Links of Noltland.**

16.2 Craigievar. ME reported that the HS grant-aided conservation work at Craigievar was 'absolutely magnificent'.

16.3 BEFS/intermediary bodies. LB reported that the Minister was meeting BEFS on 4 November. She said the last few months had seen an immensely fruitful set of discussions with and about intermediary bodies; this had also involved colleagues from elsewhere in the UK, such as Wales and Heritage Link.

16.4 Laura Petrie. RP thanked LAP for all her hard work for HS, her tremendous support to RP in recent weeks, and her valued contribution to the wider life of HS. HSB echoed their thanks and appreciation.