

HISTORIC SCOTLAND BOARD MEETING

Minutes of Meeting

Thursday 25 June 2009, 08.30-13.00

Crinan Hotel, Argyll and Bute

Those Present:

John Graham	Chief Executive
Lucy Blackburn	Director of Policy
Pat Connor	Director of Media and Communications
Malcolm Cooper	Chief Inspector
Marc Ellington	Non-Executive Director
Doreen Grove	Head of Understanding and Access (on behalf of Peter Bromley)
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
Bob Stewart	Non-Executive Director
Raymond Young	Non-Executive Director

In Attendance:

Kari Coghill	Acting Head of Visitor Services and Business Development
Claire Dobbie	Board Secretary

1. Apologies

1.1 There were apologies sent from Peter Bromley and Brian O'Neil.

2. Minutes of the Previous Meeting

2.1 All were content with the previous minutes and discussed the action points with the following being noted:

- 4.3 – David Mitchell (DM) reported that there was no agreed list of sites to be scanned as yet.
- 6 – John Graham (JG) confirmed that the Minister had now agreed the Key Performance Targets for 2008/09.
- 10.6 – A brief update on post-HEACS discussions was provided and it was explained that the SMT had suggested an umbrella body. Such a 'strategic forum', with a few satellite groups, could be established to cover the collective gaps left by the dissolution of HEACS. Further meetings with partner organisations to decide on such plans were to be held soon.

3. Matters Arising

3.1 There were no matters arising.

5. Audit Committee Report [taken out of order]

5.1 As chair of the Audit Committee David McGibbon (DMG) gave an oral report of the meeting on 22 June and the following was noted:

- The Board was asked to note that it was now a requirement for the Chair of the Audit Committee to produce an annual report at the end of the financial year to comment on the year's financial activities. The first report, for 2008/09, had been circulated.

- It was also now a requirement for the Chair to meet with the Accountable Officer, John Graham, to discuss the performance of the Audit Committee during the year.
- It was agreed that the Agency would have to produce shadow accounts for last year under IFRS; however, there were no significant issues anticipated.
- The report on the HS commercial IT systems noted the weaknesses in BLEEP, the retail systems and the lack of an integrated management information system. It was noted this was a key risk for the Agency. However, a cohesive business plan which would set out how to make improvements was to be presented to the SMT soon.
- Under the high risks identified, the HR/ Payroll system was included. It was noted that a project was now underway to replace the current system.
- In discussing Internal Audit, the Committee noted the following reports – the revised plan for 2009/10, review of HS Communications and Media, validation of KPTs.
- Internal Audit was also able to provide substantial assurance to the Committee based on their work to date.
- Audit Scotland stated that they anticipated issuing an unqualified Auditors' Report for the year.

5.2 JG wished to note his thanks for all the work carried out by the Audit Committee and to those who supported it this year.

4. HS Annual Accounts 2008-09

4.1 Laura Petrie (LAP) informed Directors that there was little of concern and the Audit Committee had provided an unqualified report. Once the OGC savings had been confirmed it was noted that the Annual Accounts for 2008/09 could be approved and signed off.

Action: LAP to bring annual accounts back to the Board for final approval in August.

4.2 The Statement of Internal Control was highlighted as important and it raised two matters: business continuity planning and information risk, where controls were not yet fully operating. The Directors were asked to be aware that the Agency had no full business continuity planning in place, but work was in hand and appointments to cover information security had been made. **Action: LAP to provide HSB with update on information risk, data handling, and governance in 12 months.**

4.3 The Board was content to approve the Annual Accounts, subject to the returning to them in August.

6. Corporate Performance Report

6.1 It was noted that 7 out of 9 Key Performance Target (KPTs) were met in 2008/09, the exceptions being that relating to income and, possibly, that for cash-releasing efficiency savings.

6.2 LAP informed the Board that the 2008-11 Corporate Plan contained a set of business improvement targets for each group of the Agency and corporate services which the Board had agreed should be reported on annually. It was noted these replaced the operational targets and other important measures of the 2005-08 Corporate Plan.

6.3 Ann Marie Stannard (AMS) asked about the relationship of these improvement targets with the Action Plan commissioned by the Minister. JG said the Action plan related specifically to 2009-10. It was likely that a new plan would be prepared for 2010-11 which would overtake the agreed corporate plan.

7. Commercial Review of 2008/09

7.1 Kari Coghill (KC) gave an overview of the paper by explaining 2008/09 was, by recent standards, a disappointing year. The downturn in the global economy, the Easter falling in 2008/09, and another poor summer were the main factors that affected the Agency's

performance. However, given that these significant factors were outwith the Agency's control, a drop in income of only 4% and a 9% drop in visitor numbers was not necessarily a bad outcome.

7.2 It was noted that 2008/09 was a mixed year. Despite the decrease in admissions, the quality of service provided to customers had increased. Even at Edinburgh Castle, which was the worst-affected HS site with an 11% decline in admissions income, there had been success with operational changes such as pre-paid tickets sold through third parties.

7.3 Directors noted that membership had increased by 14% on last year and reached 90,000 in total, with membership income up 4% on budget. 2008/09 had been the first full year of implementation of the Retail Strategy, with new product development and changes to existing ranges. On a like for like basis retail income had increased, in a tough year for the retail sector.

7.4 DMG mentioned the successful Party at the Palace and how he had received very positive feedback. Raymond Young (RY) added that he felt HS should be using such events to support the broader corporate strategy – i.e. promote the work of the whole of the Agency. All agreed and felt it would be beneficial to discuss this further. **Action: Pat Connor (PC) to report back on how the Agency could use PiC events more effectively to the August Board.**

7.5 The Board concluded that the Agency's performance demonstrated great effort from all the staff and that the results were at least on a par with the rest of Scotland's tourism attractions sector.

8. Progress on Action Plan

8.1 The Non-Executive Directors and JG had discussed this item before the Board meeting with the following being decided:

- A small working group would be established, with DMG as the chair, to review the latest draft of the Action Plan. The group would also include Raymond Young, Bob Stewart, Malcolm Cooper, David Mitchell and Pat Connor.
- The group was to provide comment by 17 July so that the draft could be submitted to the Minister once he returned from annual leave.
- All Board members were to be kept informed, with comments to be fed through PC.

9. World Heritage Review

9.1 JG invited the Board's views on the UK World Heritage Policy and Tentative List Review. Members were asked to consider whether the Agency should continue nominating candidates for WHS; if so, which sites might be nominated; and how the Agency should manage expectations.

9.2 In discussion several members commented that WHS status did not appear to have significant benefits compared to the work involved in nominating and managing them. John Lennon (JL) added there was no tangible evidence that WHS status influenced tourists when choosing a destination as there were so many influencing factors.

9.3 RY raised the idea of nominating overseas sites that had a connection to Scotland or the Scottish diaspora. All agreed this deserved further consideration, although whether such sites would merit nomination was unclear.

9.4 In discussing the particular sites cited for potential Scottish nomination, it was agreed that the Forth Rail Bridge was the strongest candidate in terms of the criteria.

10. Finance Report

10.1 LAP gave a brief summary of the Finance Report which had been tabled for this Board meeting. The outturn for 2008/09 was an overspend of £0.181 million, with an overall underspend on revenue of £0.136 million and an overspend on capital of £0.317 million.

10.2 Directors were also asked to be aware of two key points. The initial allocation for the grants programme was £11.9 million and the final spend was £13.1 million, thus indicating the level of pressure on the grants budget and the risk of potential overspend in 2009-10. It was also noted that the Stirling Project had incurred a £0.216 million overspend against the reduced budget. However, this had reduced the pressure in 2009-10.

11. HS Budgets 2009/10 and Funding 2010/11 and 2011/12

11.1 At the April Board meeting there had been some concerns about income in 2009/10. LAP stated that the budget had been set after an exercise which identified £1 million of savings from group budgets, and then took account of further budget reductions of £2.3 million. However, it was explained that the budget was being revised to reflect the new income target and a 'break even' was now being anticipated.

11.2 Given the number of pressures in 2009/10 – eg. grants, major projects and the Ministerial change agenda – the decision had been taken not to over-commit at the start of the year and to propose a balanced budget.

11.3 The Non-Executive Directors noted that the SMT were keeping LAP informed on current pressures in order to best manage this inflexible budget. With only a few major projects running, all recognised that any overspend would have a significant impact.

11.4 A brief background to the likely funding situation in 2010/11 was provided. Members were asked to be aware that the SG is seeking savings to help fund central pressures and HS could be faced with cuts in the region of £1 million; with the potential for £2.5 million being removed from the Agency's baseline. It was also added that there was a potential for the efficiency savings target to be increased.

11.5 It was added that 2011/12 was the first year of the new spending review and so the funding level was no longer guaranteed. However, it was noted that the pressure on the SG would mean reductions in baseline were the most likely outcomes.

11.6 JG said that he planned to meet with the Minister to discuss funding in 2010/11 and 2011/12. He said that the Agency would have less scope for manoeuvre if there were further reductions.

12. Communications and Media Activity Report

12.1 Due to time limitations on the day, Pat Connor (PC) provided an update on current activities outwith the meeting.

13. Current Issues/ AOB

13.1 JG asked members for their suggestions of themes regarding a potential historic environment summit to be put to the Minister. The following suggestions were made:

- Partnership and collaborative working (e.g. joint-marketing with NTS etc)
- Heritage tourism
- Cultural and economic value of the historic environment sector
- Image and brand of Historic Scotland