

**MANAGEMENT BOARD MEETING,
28 OCTOBER 2009 AT 10:00am,
ROBERTSON WING MEETING ROOM,
GENERAL REGISTER HOUSE**

Present: George MacKenzie, Dave Brownlee, Jim Grady, Frank Manson (Non Executive Director), Darryl Mead (Audit Committee Member); Michael Moss (Non Executive Director), Jenny Cutts (secretary).

Apologies: Beatriz Sanchez (SG Finance); Louise Wilson (SG HR).

1. Minutes of last meeting

1.1 The minutes of the last meeting held on 10 August 2009 were agreed. It was noted that Darryl Mead was attending the meeting as an observer following his appointment as an Audit Committee Member.

2. Matters Arising

2.1 [2.1] The meeting between the Non Executive Directors and Scottish Council on Archives had been arranged for 3 December 2009.

2.2 [3.11] Jim Grady has pursued the eHR problems and cost centre charge anomalies. He reported that he has asked colleagues to report any problems they have been having with eHR in order to take them forward with HR.

2.3 [5.5] Dave Brownlee confirmed that the Corporate Plan was published as agreed.

2.4 [6.14] The Sustainability and Environmental Policy was also completed and published since the last meeting.

3. HR update

3.1 Louise Wilson was absent from the meeting due to ill health. Dave Brownlee noted HR issues. Frank Manson said that the shared service solution is clearly not meeting fully customer needs in Management Information on sickness absence. Dave Brownlee noted that HR were now insisting that NAS adopt the e-HR Annual Leave module. Darryl Mead explained that an alternative HR module that will potentially be adopted by the other National Collections.

Action: George MacKenzie to arrange a meeting with Louise Wilson to discuss HR issues.
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4. Finance

4.1 The projected overspend and attempts to manage this down were discussed. Capitalisation of staff costs for staff working on the digitisation programme will again be considered. Jim Grady noted that this affects cost of capital charges. The necessity of knowing what the

organisation is committed to spend in subsequent quarters was outlined and this is not facilitated by the financial reporting system.

4.2 George MacKenzie reported that measures have been taken to reduce accommodation costs. Jim Grady pointed out that the rates and utilities costs will continue to increase. Frank Manson noted that a mechanism for predicting the increase in these costs would be very advantageous.

4.3 The Keeper noted that a policy is in place not to fill automatically vacant posts. A steady reduction in the number of archive attendant posts is being achieved. The Deputy Keeper (Records Services) and head of online resources (B3) posts remain unfilled following the retirement of the previous incumbents.

4.4 It was reported that the Accommodation Services Branch Head will not be replaced following retirement and that a joint facilities management contract with the General Register Office for Scotland (GROS) will be put in place by January 2010.

4.5 Jim Grady added that the income stream for legal services will diminish during 2010-11 in consequence of the implementation of Registers Direct 2.

4.6 Frank Manson identified additional overspend categories that did not relate to accommodation costs. He requested that this spending be clarified in order to inform management decisions. Dave Brownlee explained that these categories also relate to accommodation and that direct spending by most branches is minor, apart from salary costs. The exceptions to this are Accommodation Services and ICT.

4.7 Darryl Mead suggested a procurement assessment programme that has been used by the National Galleries of Scotland and National Library of Scotland. This programme delivers knowledge about commodity spending and facilitates the nomination of individuals with responsibilities for each block. Jim Grady explained that managers within NAS are limited in what they are able to spend as this is largely travel and subsistence in support of official business. Darryl Mead explained that other organisations have undertaken this exercise in order that their managers take more ownership for procurement spending.

4.8 Future funding of the Business Archives Council was discussed. The Keeper resolved to reconsider the NAS contribution in future.

4.9 The overall financial climate was discussed together with the need for contingency planning. Senior management noted that outline ideas for reduction of resources by 10% had been identified at the strategic exercise undertaken on 16 September 2009. The practical implementation of many of these could not be done immediately but will influence out longer term strategic planning. It was noted that staff costs represent the largest element of the NAS Budget and at present a 'no compulsory redundancies' policy is in place.

4.10 The Keeper noted that a successful strategic plan will identify what measures are required and what changes will be made under which eventualities. Strategic planning will identify how to implement such decisions and take control over the timing. It was acknowledged that the difficulties lie in factors that are beyond NAS control.

4.11 The ScotlandsPlaces project was cited as a further example of joint working. George MacKenzie noted however that this project illustrates a public service being delivered by two organisations rather and does not necessarily result in reduced back office functions that the Scottish Government is seeking. It was reiterated that the core Scottish Government already supplies many 'back office' functions for NAS and savings in this area are not feasible for this reason.

4.13 The Non Executive Directors offered their views on the public sector landscape in general, noting many inconsistencies between the administrative functions and support services used by different agencies and organisations. It was recognised that putting support services together is very problematic as it would require a homogenisation of the many organisational differences manifest in public bodies. George MacKenzie agreed that no two agencies are similar in this respect. Darryl Mead added that it seems feasible to amalgamate separate HR departments and achieve savings, but this measure is not available to NAS which does not have its own HR department.

4.14 Additional resource requirements were noted. Government Records Branch are diverting activities towards fulfilment of the reduction of the '30 year rule' to 15 years. File release events were noted. In addition, the Keeper drew attention to the likelihood of a Public Records (Scotland) Bill which will require the formation of a dedicated Bill team, with possible additional experience sought from SG main. Ideas for secondment into NAS for this work were put forward. The Bill timetable and risk document are required by 6 November 2009.

4.15 It was noted that the NAS is currently advising seven independent Inquiries with regard to their recordkeeping and public records to be preserved. These activities are required by legislation.

5. NAS highlights summary, July-September 2009

5.1 Items reported in the NAS highlights document were discussed. Michael Moss said that the highlights summary is useful. The Keeper commented that for reasons of succinctness, activities that are in progress are not usually included as they will be reported once milestones are achieved. He added that branch heads are keen to include everything their areas have been working on. The Non Executive Directors confirmed the requirement for conciseness in the quarterly reports to Management Board.

5.2 Activities that featured prominently in the ensuing discussion were the launch of the Catholic registers on the ScotlandsPeople website by the First Minister and Cardinal O'Brien on 6 October 2009, the ScotlandsPlaces Project launch by the Culture Minister Mike Russell on 22 October 2009, and the event to mark the first release of files more than 25 years old and related exhibition opening attended by Bruce Crawford, Minister for Parliamentary Business.

6. Audit Issue

6.1 Frank Manson reported that a meeting concerning the accounts 2008-2009 had been held prior to the Management Board and that it was highly likely that the final accounts would show a net overspend of approximately £35,000. Likely consequential actions by Audit

Scotland and the Scottish Parliament were outlined. The Keeper resolved to notify formally the Director of Culture, External Affairs and Tourism of the position. It was advised that the Keeper outline the measures being taken to prevent overspend in future years.

6.2 Michael Moss reported that the Audit Committee wishes to strengthen membership through the appointment of an additional member. It was acknowledged that a fourth Audit Committee member with financial/accountancy expertise would be beneficial. In particular, experience of International Financial Reporting Standards would be very advantageous.

6.3 It was noted that the external auditors had commented on the closeness of the NAS Management Board and Audit Committee. Appointment of an additional Audit Committee member who would not be a Non Executive Director and participate in the Management Board was seen as a reasonable response to this criticism.

6.4 Frank Manson, as Chair of the Audit Committee, resolved that the Audit Committee will formally present a report on the 2008-9 audit including advice to the Management Board.

7 Risk Register

7.1 A revised draft Risk Register was circulated to attendees having been completed on 27 October 2009. George MacKenzie explained that the structure was based on the Scottish Government Overall Purpose headings and therefore matches the NAS Corporate Plan which aligns activities to the National Outcomes.

7.2 Frank Manson considered the register remained too lengthy and requested that key risks be made more prominent within the document. He added the view that the draft contained repetition and suggested that there are six fundamental risks, to which other entries relate as symptoms of those risks. He proposed that these relationships be made clear through the use of subordinate sections.

7.3 George MacKenzie expressed appreciation for these comments although he was in disagreement over the proposed structure. He considers that the NAS Risk Register must demonstrably relate identified risks to the Scottish Government Performance Framework. He added that it would prove difficult to make the document more summary in nature and retain its usefulness to NAS managers as a working document that outlines detailed risk management strategies.

7.4 Michael Moss added that the current draft does fulfil the auditors' requirements for succinctness and suggested that the top level risk register may be fragmented into branch risk registers that contain the required detail. Frank Manson urged that managers' attentions are focussed upon dealing with the risk of reduced resource provision. The Keeper noted that managers are already considering this issue in pursuance of the Strategic Review meeting held on 16 September 2009 and that the follow up meeting will be held on 16 December 2009. He added that staff had shown positive engagement in this respect.

7.5 George MacKenzie explained his intention that Performance Measurement be addressed properly as a coherent exercise. Frank Manson concurred that performance management should be broadened out from individual staff performance to encompass the business performance of the organisation and that this should include HR reporting. Frank Manson

noted that the lack of adequate HR management information is a risk. George MacKenzie agreed that a broad statement regarding HR management information may be inserted into the risk register. Michael Moss asserted that the risk register was an internal management tool, not intended for a Scottish Government audience and should be treated as a senior management tool rather than a high level public document.

7.6 George MacKenzie considered these comments and felt that the top-down approach taken to the current draft may be extended through applying a bottom-up approach consisting of branch heads outlining detailed implications.

7.7. Darryl Mead observed that a risk register should be confidential to senior management and not made publicly available. A general discussion of risk registers and other organisations ensued. It was agreed that risk management measures should match the strategic direction determined by senior management.

8. Strategic Review

8.1 George MacKenzie summarised the strategic review event which took place on 16 September 2009 and noted that this had focussed on 6 specific activities across the organisation rather than existing branch responsibilities. Bi-lateral follow up meetings are in progress and a further plenary session is planned for December 2009. Suggested measures were noted including changes to the public services. Alison Horsburgh's review of public services remained ongoing and it was recognised that all areas of the organisation were required to input into this study.

8.2 Darryl Mead noted that the digital preservation scoping study is also underway and that his input has already been sought. It was agreed that product deadlines are required to be published to staff in order to build engagement. Areas for consideration were discussed. Senior management noted the conflict inherent in dedicating more staff to digital preservation at a time of reduced resources but recognise the importance of doing so. It was noted that digital preservation is not an activity that can be deferred to a future period as the electronic recordkeeping environment makes this capability time critical.

8.3 Dave Brownlee noted that the NAS budget for 2010-11 will remain the same in cash terms as the 2009-10 one. Senior Management note the necessity of making the necessary efficiency savings to enable NAS to cope with pay and general inflation increase. George MacKenzie also emphasised the importance of addressing communication strategy in this respect.

8.4 The planned IT Strategy schedule was discussed. The Keeper requires this work to be informed by the strategic business review conclusions.

9. Any other business

9.1 Frank Manson and Michael Moss considered that a cultural heritage sector Non Executive Directors forum would be very useful. A discussion concerning relevant organisations was held. It was considered that membership of the network could include trustees as well as Non Executives as the structure of heritage institutions differs. George MacKenzie noted a prior

attempt to establish such a network had proved unsuccessful but this did not negate the benefits of suggesting this again.

Action: George MacKenzie to write to relevant Chief Executives in order to suggest the forum as discussed.
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9.2 It was noted that an Open Forum will be held in West Register House following this meeting and that the Non Executive Directors would be in attendance.

9.3 George MacKenzie noted that the Minister for Culture and External Affairs was interested in joint working on digitisation between NAS and the National Library of Scotland. Ideas have been sought in response.

10. Date of next meeting

10.1 It was provisionally agreed that the next meeting be held in late January or early February 2010 in General Register House.

Jenny Cutts
30 October 2009