Minutes of the Board of Trustees
BT / 11 /63

Board Room, National Library of Scotland, George IV Bridge Building
24 October 2011

Present: Professor Michael Anderson (Chairman); Mungo Bovey QC; Professor Graham Caie; Catherine Dyer; Lorraine Fannin; The Dean of the Faculty of Advocates; Dr Peter Kemp; Charles Lovatt; Councillor Gordan Low; Moira Methven; The Lord Advocate Frank Mulholland QC; Dr Willis Pickard; Malcolm Scott QC; James Wolfe QC.

In attendance: Duncan Campbell (Deputy Chief Executive); Dr Darryl Mead (Deputy National Librarian); Martyn Wade (National Librarian and Chief Executive); Jane Rose (TUS representative); Janice McFarlane (Minutes).

Apologies: The Lord President of the Court of Session, The Minister of the High Kirk (St Giles') Edinburgh, The Lord Provost of Aberdeen, The Lord Provost of Edinburgh; Andrea Batchelor; Jonathan Lake QC, Malcolm Thomson QC; Professor David Finkelstein, Dr Richard Parsons; Councillor Kathy Morrice.

The Chairman (MA) opened the meeting by welcoming Duncan Campbell (DC) and Darryl Mead (DM) to their first meeting of the Board in their new roles as Deputy Chief Executive and Deputy National Librarian. Trustees were also informed that Alexandra Miller (Director of Customer Services - AM) would no longer attend Board meetings on a regular basis.

Minutes of meeting

1. Presentation:
Jackie Cromarty (NLS Programme Manager – JC) introduced a presentation by NLS Education Officers Beverley Casebow (BC) and Alice Heywood (AH).

JC provided background information regarding the Library's strategy of moving towards the provision of digital services, in line with Scottish Government targets. BC and AH then provided a more detailed introduction to the Learning Zone, which is accessible via the NLS website.

The Learning Zone provides a subject and topic led menu, offering learners of all ages a starting point for discovering NLS collections and services. Content ranges from video guides explaining how to use the Library to themed websites and digital exhibitions.

The Learning Zone has drawn on the expertise of curators across the Library, and had utilised multimedia resources from across the collections. The menu-based system reflects the six key themes outlined in the Curriculum for Excellence: literature and language, creativity, science and technology, history, politics and society, and geography and exploration.
In response to questions Trustees were informed that the NLS Learning Team worked closely with the education sector. Teachers, adult learners and tutors had taken part in user testing before the launch and the Team maintained contact with Education Scotland to ensure they kept in touch with developments in the curriculum.

Work is continuing to market the facility with promotional mailings to all Scottish schools. Social media is also utilised via Twitter, Facebook and a GLOW Group.

On behalf of the Board, the Chairman warmly commended the work which has been carried out in this area, and thanked JC, BC and AH for their presentation. MA also encouraged Trustees to explore the Learning Zone themselves.

2. Apologies:
As noted above.

3. Declaration of Interests:
It was noted that members of the Faculty of Advocates declared an interest in discussions relating to item 7 (Memoranda of Agreement with the Faculty) and any discussions relating to the NLS Bill.

MA reminded Trustees that they were still required to declare an interest in any unexpected issues that emerged during actual discussion of agenda items.

4. Minutes of meeting of 5 September 2011:
It was noted that actions recorded under 'Matters arising: Shared Services' and under item 10, 'Control Environment Review', had not been included under item 18, 'Summary of agreed actions'. However it was also noted that neither issue had required action in the intervening period.

JM will ensure these two actions are added to the outstanding actions list.

The minutes were approved as a correct record of the meeting, subject to the additions to the list of outstanding actions.

5. Actions outstanding and matters arising from previous meeting:

2. Minutes of the meeting of 20 June 2011:
JM will amend page 6: 'Lorraine Fannin', and page 9 'adoption of a "pull" model'.
Update: Done.

3 (4.3.8). Actions outstanding: Audit Scotland report:
Find a format for reporting on health, safety and security issues to the Board.
Update: See under item 9 of agenda and paper BT/11/55.

3(9). Policy for breaches of NLS terms and conditions:
The policy will be publicised across the LIS sector through library networks, an article in Information Scotland and other means as appropriate.
Update: Draft text for article is in hand. It will be circulated to various LIS publications and networks.

4. Presentations for future meetings:
JM will note and action the recommendation for a presentation on NLS Learning Zone.
Update: Learning Team will provide presentation 24 October 2011.
6. Committee membership:
JM will forward the terms of reference, dates of forthcoming meetings, and
other relevant documentation to the new committee members.
Update: Done.

11. Annual report and accounts 2010/11:
MW will meet with Audit Scotland to discuss the content of the Section 22
report.
Update: Meeting took place 6 September 11. Audit Scotland received a copy
of external assessor’s report, in confidence. To date a draft copy of Section
22 report has not been received from Audit Scotland.

It was agreed that expenditure on hospitality would be reported separately
from travel and subsistence in future accounts.
Update: Taken note of for future reports.

12. Quarterly Management Accounts
SM will provide an explanation for the variance relating to Joint Legal Deposit
under 4.3 in the accounts. The variance occurred because there is no
definitive timetable for expenditure against this heading throughout
2011/2012. Spend has been within annual budget limits.

13. National Librarian and Chief Executive's report:
MA will write to the donor of the Lord Byron memorial book to express the
thanks of the Board.

JM will send an invitation to Trustees to join staff at the World’s Biggest
Coffee Morning on 30 September.
Update: Done.

14. Trustees’ seminar 24 August
MW will report to the Board on the grant-in-aid and its impact on spending
priorities.
MW/TUS will work to define the term 'curation'.
Update: An update will be provided at the meeting. See under 'Matters
arising'.

15. Report on the ALDL:
MW/ALDL will provide brief, quarterly, reports to the Board. The reports will
provide intake figures.
Update: Going forward.

 JM will correct a typographical error in section 3 of the report (‘retrial’ should
be 'retrial').
Update: Done.

5. Matters arising:

5.14. Trustees Seminar 24 August:
Martyn Wade (MW) provided Trustees with an update on the Grant-in-Aid. The
revenue budget had faired better than expected. It will be retained at current levels in
2012-2013 but will fall by 0.5% per year in 2013-2014 and 2014-2015. However the
capital budget for the culture division as a whole has been cut by 25% in 2012-2013 and 57% by 2014-2015.

Trustees were informed that a draft Corporate Plan will be brought to the Board in December, and decisions will be required concerning the possible use of reserves. In response to questions MW clarified the position regarding carrying forward unspent reserves, and the development of shared services with the National Galleries of Scotland to provide greater resilience and share expenditure in specific areas.

5.16. Shared Services Governance Board:
Trustees noted the lack of consistency regarding the titles of the various Boards involved in this activity, and the confusion this causes when reading minutes.

JM will clarify this issue, and ensure consistency in future minutes.

6. Presentations for future meetings:
MA reminded Trustees that the presentation given today had been suggested by a member of the Board, and encouraged Trustees to submit any further suggestions for presentations which could be incorporated into future meetings of the Board.

Trustees were also informed that Scottish Government officials would attend the next meeting to discuss the NLS Bill, and that the minister would also attend briefly.

7. Memorandum of Agreement with the Faculty of Advocates:
Darryl Mead (DM) presented a paper requesting Trustees to approve the texts of two Memoranda of Agreement between the Trustees and the Faculty, and to require the National Librarian and Chief Executive to sign these on behalf of the Library.

The General Memorandum affirms that the two parties seek to work together to maintain, preserve and provide access to the published record of the UK and Scotland through their rights and privileges under Legal Deposit.

The second Memorandum relates to the ownership of items held on deposit in the National Library which are the property of the Faculty of Advocates. A slightly amended copy of Appendix D was tabled.

Trustees were informed that the texts of the memoranda had been approved by the Dean of the Faculty and the Keeper and Curators of the Advocates Library. It was also indicated that it would be helpful if agreement could be reached before publication of the NLS Bill, which was expected to take place before the end of the month.

During the ensuing discussions Trustees were reminded of the situation regarding the Faculty and the legal deposit of legal material. Discussions also took place concerning the clarity of terminology relating to the library at Abbotsford.

The main issue of discussion related to the outstanding deposit agreements for historic and modern material held by the Library. It was also noted that the Faculty may wish to inspect deposited manuscripts before the memoranda were signed. JM and DM will follow-up on this issue.

Following these discussions Trustees confirmed their agreement with the current texts but also agreed that the NLCE should not sign the memoranda until the deposit agreements were confirmed.
Trustees agreed that the text of the memoranda will be posted to the Library's website, once they have been signed.

DM will report back to the Board in December regarding the deposit agreements. The Dean of the Faculty of Advocates (RK) left the meeting at this point.

8. Proposal to move NLS Scottish Screen Archive to Kelvin Hall:

Professor Caie (GC) declared an interest in this issue due to the involvement of the Hunterian Museum of the University of Glasgow.

The Board received a paper from MW requesting approval to take forward plans to move the NLS Scottish Screen Archive (SSA) to Kelvin Hall as part of its re-development by Glasgow Life.

MW reminded Trustees about the unsatisfactory nature of the current SSA facilities at Hillington, and the various options the Library had considered to relocate to more environmentally and customer-friendly premises.

MW had consulted with, and obtained the approval of, the Chairman to include the Library's support for Glasgow Life's application to the Heritage Lottery Fund to support the refurbishment of the Kelvin Hall. This approval had been urgently required due to a submission deadline of 17 October.

The ensuing discussions highlighted the indicative costs, the various funding routes, and the probable timescales for development. In response to questions MW emphasised the improved facilities which would be available, the central location and the potential for future development. It was noted that, if proceeded with, the SSA space would not be available until 2015.

MW also informed Trustees that the SSA storage facility at Kirkintilloch would not be impacted by this proposal as it would not be appropriate to store all copies of SSA films at a single location.

The Board approved the Kelvin Hall as a preferred location for the SSA and confirmed the Library's role as an active partner in the bid for funds for this project, while noting that further approval by the Board would be necessary before any final decision about involvement in the project could be made.

The Board also required senior management to provide regular updates on the project.

9. Health and safety and security reporting:

Duncan Campbell (DC) presented a paper requesting Trustees’ approval for the proposed methodology for reporting health and safety and security issues to the Board. Trustees were reminded of their corporate responsibilities in this area.

The proposed methodology would build on existing internal arrangements and would include:

- The provision of quarterly reports incorporating the minutes of the Library's Health and Safety Committee and accident/incident reports.
- An annual internal assurance report provided by the Audit and Review Manager.
• The inclusion of statistical information on security incidents in the quarterly Health and Safety reports.

DC also informed Trustees that a briefing pack listing the regulatory regime and including copies of NLS policies will be distributed to Trustees by 30 November. This will be supplemented by a presentation which will be made to the Board at the December meeting.

Trustees approved the proposed methodology for the reporting of health and safety and security issues.

DC, DM, MW and the TUS representative (JR) left the meeting before the introduction of the next item.

10. Misappropriation of funds: report of the external assessor:
The Board received the report of the external assessor, Professor Ian Percy, appointed to review the actions of the Library following the discovery of the fraud at the Library, and was asked to approve the management responses to the assessor's recommendations. The responses had been prepared by the NLCE and the Chairman of the Board, and accompanied Professor Percy's report.

Trustees indicated that they had no specific points to raise concerning the actions of the NLCE, and MW was requested to rejoin the meeting at this point.

The external assessor had concluded that NLS management, and the Audit Committee, had both responded appropriately following the discovery of the fraud. The report also included important observations and recommendations concerning the existing procedures of the Library's governance, management and internal and external audit.

Trustees were informed that most of these recommendations would be carried forward by the implementation of the new management structure and by ongoing changes in the audit process. It was, however, noted that the role and responsibilities of the Audit Committee required some further clarification to ensure that any issues were taken forward to the Board.

In response to questions, MW provided some clarification regarding the development of the new role of Head of Finance in the revised management structure.

Trustees supported Professor Percy's statements concerning the 'culture of trust' within the Library, but also agreed with his conclusion that there is a need for a behavioural culture change in relation to internal control processes.

In conclusion, the Board agreed that Professor Percy's report was thorough and impressive, and welcomed the fact that he had taken a mature approach to the issues.

The Board accepted the report, approved the list of management responses, and requested MA and MW to provide regular progress reports to Trustees, including steps taken to sustain the necessary behavioural changes into the future.

The Board also agreed that the minutes of this discussion should be included in the non-confidential minutes of this meeting.
DC, DM, and JR returned to the meeting at this point.

11. Corporate Plan: Review of progress:
Trustees received a report outlining progress against the Library's current Corporate Plan. DC and DM provided further details regarding those objectives which were highlighted as making inadequate progress (the "red" items).

DM answered questions relating to the impact of long-term sick absence on the intake of Scottish material (objective A2) and outlined the ongoing delays to the introduction of government regulations which would allow the harvesting of websites (D6).

In response to questions DC indicated that progress on a revised internal control assurance process was not solely dependent on the recruitment of the Audit and Review Manager (C16).

Following a request, DC agreed that objective D10, relating to the shared services programme, should be changed from green to amber, as some issues were still outstanding, and there was still some lack of clarity concerning the terminology in this area.

The Board noted this report and congratulated staff on the progress which had been achieved in many areas.

12. National Librarian and Chief Executive's Report:
The Board noted the report.

The Crown Agent (CD) left the meeting at this point.

13. Draft minutes of committees:

13.1. Draft minutes of the Audit Committee of 24 August:

Charles Lovatt (CL) presented the draft minutes and reminded Trustees that a verbal report had been provided at the September meeting of the Board.

Trustees noted the report.

13.2. Draft minutes of the Investment Committee of 30 August:

MA presented the draft minutes to the Board.

Trustees were informed that the committee had followed previous practice to appoint a fund manager to manage the John Murray endowment funds. However, subsequent to that meeting, it became apparent that this practice no longer entirely conformed to the new procurement arrangements. As a result no contract had yet been concluded with the committee's recommended supplier, but DC reported that, if the Board accepted the recommendation, it would be possible by limiting the term of the contract to keep within new procedures.

Trustees were also provided with clarification of the 'actions outstanding' update which had indicated that Brown Shipley were no longer fund managers 'for the Library'.
The Board approved the recommendation regarding the appointment of a fund manager and noted the rest of the report.

13.3. Draft minutes of the Governance Committee of 8 September:
MA presented the draft minutes to the Board. He highlighted the following issues:

- NLS Fellowship scheme should be launched within the next couple of weeks.
- The provisional dates for Board meetings in 2012 (i.e. 19 March, 25 June, 1 October, 17 December)
- The probable timing for the publication of the NLS Bill (before the end of October) and a likely timetable for its progress.

Trustees were informed that the committee would meet in November to discuss the Bill and produce a paper which will be presented to the Board in December, for discussion.

The Governance Committee also recommended that the Chair-Designate, once appointed, should be co-opted onto the Board until the remaining new members were appointed and most of the present members stood down.

The Board approved the recommendation and noted the report.

13.4. Draft minutes of the Development Committee of 9 September:
MA presented the draft minutes to the Board. MA highlighted the work and enthusiasm of the American Patrons and informed Trustees that some of their members were planning to tour NLS and the Scottish National Portrait Gallery in November.

The Board noted the report.

13.5. Draft minutes of the Shared Services Governance Board of 26 August:
Peter Kemp (PK) presented the draft minutes to the Board and reminded Trustees that a verbal report had been presented at the September meeting of the Board.

In response to questions concerning the cost of the proposed fibre optic line between George IV Bridge and the Mound, Trustees were informed that this proposal was aspirational and would be influenced by any work by Edinburgh Council involving digging up streets in this area.

PK also indicated that he felt the Library's interests were being adequately represented at the Shared Services Governance Board. He stated that work was progressing more slowly than expected but that they were moving forward.

Trustees requested that covering sheets for future minutes should provide more information regarding the authorship of the minutes. It was also noted that the meeting, scheduled for 11 October, had been postponed.

The Board noted the report.

14. Any other business:
There was no other business.

Date of next meeting:
Monday 12 December 2011.