

Strategic Review

Report for December 2009

The National Trust for Scotland
The Rt Hon George Reid



OVERVIEW

- Evidence collated from several hundred interviews, submissions, consultative sessions and documentation
- Four drivers – Finance, Governance, Scotland and Excellence – identified for next stage of the Review
- Initial analysis from Scotland’s Futures Forum of challenges facing Heritage sector
- Staff state their priority issues
- Steering Group says lynchpin of change is finance
- Focus Group meetings in Scottish Parliament on 25 January and 26 February, plus regional meetings
- Presentations to Board, Staff and Conservation Committee
- Discussions with Ministers, Historic Scotland and National Trust

NOT ANOTHER REVIEW

In a note to the Steering Group, George Reid has stressed the strategic nature and independence of the Review : “This is not another re-organisational reshuffle. It is about a secure and sustainable future for NTS, and the heritage entrusted to it by the Scottish nation. That means asking deep, and sometimes uncomfortable, questions about how the Trust is funded and run.”

The Review mandate from NTS Council is:

- To conduct a strategic review of NTS resources and governance in order to assess the organisation’s capability to address current and future challenges
- To do so independently and transparently, taking into account the views of all stakeholders
- To report by end June 2010, making recommendations and providing an outline plan and timetable for implementation

THE DRIVERS OF DEBATE

George Reid says that the quantity and quality of information sent to him shows a “remarkable degree of commitment to, and concern for, the National Trust for Scotland and its patrimony”.

Having analysed information provided over November and December, Mr Reid proposes to group discussion in January and February in four broad areas covering the submissions made to him. These are:



RESOURCES

Do we have the funds to do what we say we will do?

- Everyone agrees that the financial stability of NTS must take precedence. But, on evidence received so far, there is widespread reluctance to address major issues of sustainability.
- NTS’s mission statement promises seven areas of activity: information, inspiration, engagement, protection, promotion, conservation, access and education. Can all of this be done, with any degree of excellence, given current income? Are we trying to do everything, everywhere for everyone all the time?
- Is NTS too big and too small? Too big in its range of work and the staff needed to service it? Too small in its funding base? NTS has none of the economies of scale available to the National Trust. Indeed, its unit costs may be up to a third higher.
- The unrestricted reserves are under a quarter of what they should be. They are topped up by sales of property and legacies. Is this sustainable?
- The Heritage sector is capital intensive. The National Trust recognised this by top-slicing its income through its Net Gain strategy – 20% of all revenues being split between reserves and conservation. There is no possibility of NTS adopting similar policies in the near future.

- In the aftermath of the financial crisis, the next five years are going to a significant fall in government, local authority and foundation grants. The legacy sector may also be adversely affected.
- Trade union evidence is that the recent round of redundancies, closures and sales simply mean staff being asked “to do more for less”. The union claims this is causing staff considerable stress.
- Trust finances are (to use the phrase of a former Culture Minister) “byzantine” and run on an antediluvian accounting system.
- Are we agreed that an open review of NTS finances is the lynchpin of the strategic review?



GOVERNANCE

Why does NTS have more people involved in governance than almost any other charity?

- Only a number of churches appear to have the same inflated governance structures as NTS. Most other organisations set up in the 1930s have streamlined and democratised their decision-making processes.
- Preliminary analysis by the review indicates that Trust governance is highly expensive in staff time, duplicatory in effect, bureaucratic in delivery, uneasy about change, and frictional in its outcomes. It is doubtful whether it can be adequately delivered within current staff numbers.
- There are legal differences about where ultimate authority in the Trust lies. Is it with the Board? Or – if power devolved is power retained – with the Council? Or, ultimately, with the members?
- There is a good deal of evidence that difficulties in the complexity of governance have led to a “culture of secrecy” in an attempt to get things done.
- NTS is largely modelled on legislation passed for the National Trust, in the very different conditions of the 1930s. Is it time for new legislation to be put through the Scottish Parliament?



SCOTLAND

Does the Nation or the Trust come first?

- In his governance review, Lord Mackay of Clashfern notes that NTS is itself the Trustee for the Nation. He adds that there may be circumstances in which the interests of the nation take precedence over the interests of members.
- NTS is no longer in the monopoly Heritage position which it was in the 1930s. Today it works alongside, and competes with, a number of other heritage organisations in both the public and private sectors.
- George Reid has already ruled out submissions calling for NTS “merger” with Historic Scotland or the National Trust. He says such moves would “kill the ethos of the Trust”. But he has already discussed, at Ministerial level, much closer partnership working.
- Is there a case for single marketing of the Heritage sector in Scotland? And joint ticketing with Historic Scotland? What safeguards are needed to ensure that the unique message of NTS still gets across?
- Can some specialised services be shared across the Heritage sector, avoiding duplication?
- What opportunities are there, at smaller properties, for social enterprise companies working in partnership with the local authority and community?

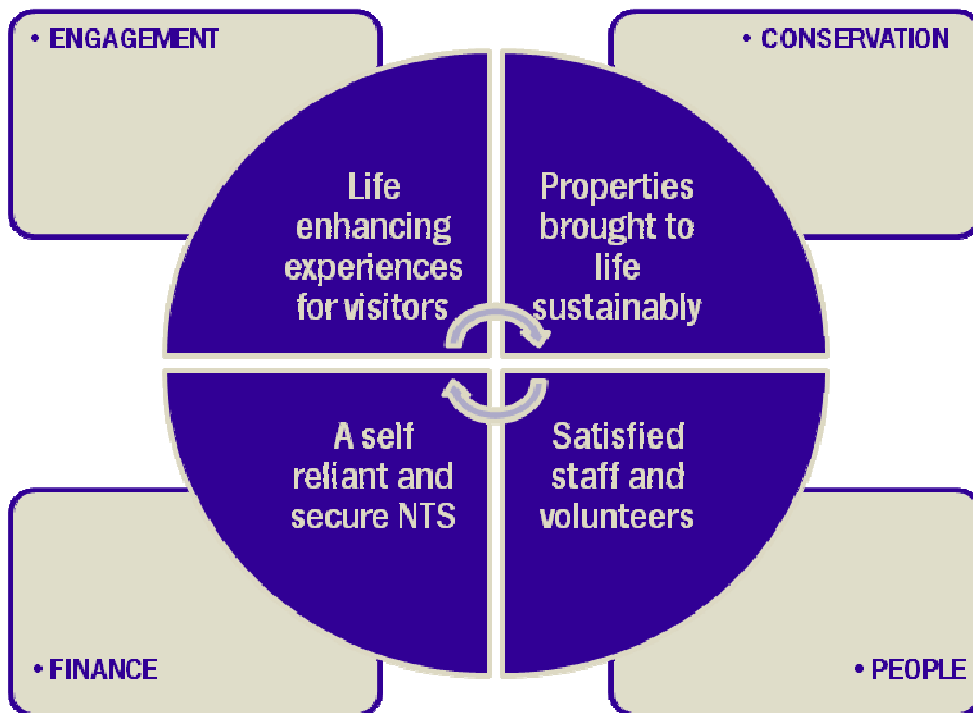
- How do we promote and preserve all of Scotland’s natural and cultural treasures, regardless of ownership, in a joined-up way?



EXCELLENCE

Aiming for gold, at least achieving silver

- For decades, NTS had a worldwide reputation for excellence, innovation and original thinking. How do we get that back?
- Mr Reid says that there are few organisations he has reviewed in which the majority of staff show such a passion for what they do. He notes, however, from evidence received that some employees are “jaded” by the “turmoil” of recent years.
- He says that a period of quiet reflection and analysis should take precedence over “constant firefighting”.
- He comments that the pursuit of excellence cannot just be about the core purpose of conservation. “It has to be about aiming for gold, and at least achieving silver, in visitor experience, in financial management and in treatment of staff and volunteers as well”.
- And he adds: “Transparency all round is the key to progress”.



THE NEED FOR TRANSPARENCY

The highest ranking issue in evidence submitted to the Review to date is the need for transparency.

Mr Reid commented: “Trust supporters are unsettled by uncertainty. They want to know the facts, even if they include bad news, so that they can make informed judgements about an organisation to which they are deeply committed”.

He has produced (below) a working model of how decisions might be shared, debated and agreed in transparency along lines adopted by other large charities. He adds: “The model is simply to stimulate debate. I have reached no conclusions yet about whether it is a practical way forward for the Trust.”

Proposal	Rationale	Outcome
AGM becomes an annual Assembly	<ul style="list-style-type: none"> - 310,000 members are NTS’s biggest resource - The democratic way to do things - Debate, not brief Q&As - Members have ownership of Priorities - A showcase for conservation across the Heritage sector - Bonding of members, staff and elected representatives 	<ul style="list-style-type: none"> - Priorities are clearly established through open debate, including debate on outcomes from the past year - Elected representatives and senior staff have to justify their actions - Scottish Heritage showcased through presentations and NTS Lecture by world-leading conservationist
Board publishes Corporate Plan for incoming year	<ul style="list-style-type: none"> - Plan is based on Priorities agreed by Assembly within a rolling 3-5 year structure - Plan is driven by financial projections for incoming year - Board consults Council on the Plan - Board monitors management implementation 	<ul style="list-style-type: none"> - An end to wishful thinking and sectional advancement of interests - Everyone from the President to the newest recruit sings from the same, democratically agreed, hymnsheet - A focus on achievable gains
Council publish expert guidance on implementation of Board Plan	<ul style="list-style-type: none"> - Council has the right to advise, warn and comment on Corporate Plan¹ - If opposed to Board decisions, Council can move objections or no confidence at next Assembly 	<ul style="list-style-type: none"> - Council no longer has to second-guess the Board - Council concentrates on conservation excellence - A smaller Council. Does it still include external organisations, or are these plugged into the Assembly?² - Need for new Scottish Parliament legislation
Directors publish Management Plan	<ul style="list-style-type: none"> - A clear indication of how Priorities and Board objectives are to be actioned - Plan cascades through NTS so that every staff member knows and agrees his her objectives 	<ul style="list-style-type: none"> - A smaller Directorate dealing with strategic objectives - More trust in middle management to show initiative - All staff knowing, and agreeing, what their targets are
Reporting Back : Performance Appraisal and Annual Review	<ul style="list-style-type: none"> - Outputs are not enough. The Trust needs published Outcomes. 	<ul style="list-style-type: none"> - Organisation becomes results focused at all levels

¹ Mr Reid notes: “I have received submissions asking me to ‘restore the primacy of the Upper House’, ie the Council. I am afraid I find this the language of a bygone age. Subject to expert advice, charity boards have to take financial and strategic decisions. If these are disputed, it is open to members to vote the board out of office.”

² An initial audit of representative organisations indicates that, with a small number of exceptions, external nominees struggle with the concept of fiduciary duty to the Trust.

	<ul style="list-style-type: none"> - Quantified results made available across NTS for open debate - Report to the people of Scotland 	<ul style="list-style-type: none"> - Devolution of decision-making means personal responsibility for NTS staff - Progress can be measured, openly
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Reporting to the Steering Group, Mr Reid said: “The establishment of the Scottish Parliament in 1999 was underwritten by four fundamental principles governing Scottish life:

- Accessibility
- Accountability
- Equal Opportunities
- The Sharing of Power

“If these principles are adopted by NTS, they will help the organisation to become more democratic, transparent and in tune with 21st century participatory governance in Scotland”.

FOCUS GROUPS

These groups provide members and staff with an opportunity to speak on what they believe the Trust should do. Participants will be able to put their key issue on the record, but should then be ready – in discussion with others – to rank its importance inside the four Drivers listed earlier in this report.

- Meeting in Scottish Parliament on Monday 25 January 18.00-20.00
- Meeting in the Scottish Parliament on Friday 26 February : 18.00-20.00
- Smaller meeting at Culloden on Wednesday 20 January
- Dates being negotiated for three further regional meetings

The meetings will be facilitated through Scotland’s Futures Forum. The parliamentary meetings can accommodate a maximum of 80 participants. In the event of oversubscription, the Forum will endeavour to secure the widest possible range of opinions based on submissions received to date – and, if necessary, will endeavour to organise a supplementary meeting.

Note that, for security reasons, admission to the Scottish Parliament is by ticket only – which will be posted to participants in advance.

Applications to participate should be sent soonest by letter to Focus Group at NTS, Wemyss House, Charlotte Square, Edinburgh EH2 4ET ; or by email to George.Reid@nts.org.uk, marked “Focus Group”. Note that parliamentary security requires all applicants to give a full name, address, and phone number. Applications for the first meeting will close on Tuesday 19 January.

Mr Reid commented: “We shall have to see what level of demand there is to participate. In the event of exceptional demand, we shall try to offer an additional meeting or places at regional meetings, which will be announced shortly.”

OVER THE HORIZON

The Review will be informed by work being done by Scotland’s Futures Forum on the drivers of change in the Heritage sector over the next decade.

Robert Rae, Director of the Forum, says: “Futures thinking is about disturbing the present. It helps organisations to reposition now so they can face forthcoming challenges.”

Preliminary work done by the Forum identifies a number of areas for further discussion:

Context	Comment	Outcomes?
Cuts in Funding at all levels	How long does economic crisis continue? Drop in classic charity funding; increase of social enterprise funding	What does a 10% to 15% cut in funding do to Trust forward finances? Opportunities for more social enterprise partnerships at NTS local levels
Value of the Pound	Personal values; marketing of the Trust	For at least 5 years likelihood of more “staycations” and more overseas visitors?
Demographics	Rapidly increasing elderly population	More NTS day-trippers Potentially many more volunteers if properly engaged
Knowledge Society	Rapid expansion of cheaper technology	Linkage to young people and schools
New Localism	All political parties heading towards “deep down devolution”	Need for NTS to “let go” centrally and support local partnerships and innovation (Key National Trust theme 2010-2013)
Shifting Activism	Disengagement from political involvement; more engagement in issue campaigning	Opportunities for NTS to attract new (and younger) members – climate change, environmentalism
The Politics of Wellbeing	As above	A return to Patrick Geddes and Life, Work, Place. Real opportunities if articulated by NTS. Practical opportunities through gardening, hub local activities, apprenticeship training, etc
Constitutional Change	All parties now signed up to need for significant increase in powers for Scottish Parliament	Much more concentration on a national approach to Heritage issues in Scotland

STAFF ENGAGEMENT ON ISSUES

At the staff meeting in Hucheson’s Hall, Glasgow, Mr Reid invited participants to work in small groups on issues facing the Trust and to prioritise them. The results were:

- Confidence in the Governance of NTS: 28%
- Lack of transparency | poor communication | reduced morale 24%
- Resources available to the Trust: 18%
- Hearts not Minds (“This is not RBS”) 14%
- Climate Change: 8%
- Pay and Conditions: 8%

Mr Reid said: “This survey tends to show that staff regard resources as a matter for management and elected representatives to sort out. At the same time, they are uneasy about whether this is being done and want to know much more about what is happening. The strong commitment to ‘hearts’ and to effects of climate change on the heritage sector show a commitment to an organisation with a distinctive, campaigning ethos. And the relatively low grading of pay and conditions indicate a love of the job, provided staff are given freedom to get on with it”.

ISSUE GROUPS

Nominations to do specialised work within the Drivers of Change have now been received from within the Trust and from external experts. Mr Reid said that he hoped to propose a “mix ‘n match” of skills and experience within the next fortnight. Board and Council members will be involved in the process.

OTHER MEETINGS

- Mr Reid has had a wide range of discussions with Heritage experts inside and outside the Trust.
- The first meeting of the Steering Group of independent experts agreed that NTS resources are the lynchpin of the Strategic Review.
- After two meetings with the previous Minister of Culture, Mike Russell MSP, Mr Reid had an hour of talks with his successor, Fiona Hyslop MSP.
- He will meet all party spokespersons for heritage issues before the end of January.
- He has had two meetings with the new, acting director of Historic Scotland, Ruth Parsons, and with other senior civil servants
- He met the Director-General of the National Trust, Fiona Reynolds, on 4 December and will return to the Trust’s headquarters for discussions with senior staff over 14 and 15 January.
- He commented: “I obviously need to understand the Big Picture stuff about the promotion and preservation of the whole of Scotland’s heritage. But I have already ruled out submissions calling for a merger with the National Trust and Historic Scotland. I am perfectly clear that the distinctive ethos of NTS must be safeguarded and preserved”

ENDS+