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HISTORIC ENVIRONMENT SCOTLAND: ORGANISATIONAL AND CULTURAL REVIEW

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Introduction

In January 2026 I was commissioned by the Board of Historic Environment Scotland to carry out an independent Organisational and Cultural Review. The last 18 months has been a time of significant change for HES, with the appointment of a new CEO and Board Chair together with the approval of a revised Framework Agreement with the Scottish Government, all during a period where the organisation has been subject to extensive public, Parliamentary and audit scrutiny. While there have been strong external pressures for a review, the HES Board also recognised that there was merit in taking stock of organisational performance and culture just over a decade after HES was created.

HES was established by Act of the Scottish Parliament in 2014, merging two predecessor bodies (Historic Scotland and the Royal Commission for Ancient & Historic Monuments) to create a new lead body for the investigation, care and promotion of Scotland's historic environment.

HES has a broad remit, and both the Act and the current Framework Agreement provide a wide range of powers and operational autonomy. HES is a charity, a public body and a Research Organisation, and is:

- *The steward of over 300 sites of national importance, over 45,000 collections objects and over 5 million physical and digital archival holdings.*
- *The regulator for Scotland's historic environment, enabling change while protecting its cultural significance through designations and consents.*
- *A funder of heritage activity in communities across Scotland.*
- *An advisor to government, local councils and property owners and managers.*
- *A researcher into Scotland's past and into how best to care for and promote the historic environment.*
- *An educator, supporting skills development and learning initiatives across the country.*
- *A champion and advocate for the wider heritage sector across Scotland and the benefits that the historic environment can realise.*

In taking forward this review, it was important to hear the range of views and perspectives of those working throughout Scotland for HES and in partnership with it, on what is working well and what needs to be done to strengthen the organisation's capacity to improve. The information provided has been thoughtful, challenging and comprehensive and I would like to express my gratitude to all of those who participated fully in the review process.

I would in particular like to thank those members of the HES team who supported the review process for their patience, professionalism and commitment to both the organisation and its mission. The review moved at pace and their assistance and positive approach was exceptional. Any errors or factual inaccuracies in the report are entirely mine.

I hope that the Board and senior leaders of Historic Environment Scotland find this report useful, and act upon its recommendations to help ensure that a strong national heritage organisation fulfils its considerable potential.

David Martin

2.0 Review Methodology and Approach

The brief for the Independent Review agreed with the HES Board can be found in Appendix 1. The initial discovery phase involved a series of introductory meetings and discussions with key stakeholders followed by:

- Consideration of the statutory and non-statutory guidance and legislative framework relevant to Historic Environment Scotland.
- An assessment of the full suite of strategies, plans and reporting procedures currently in place within HES and across the wider heritage sector in Scotland, including the Framework Agreement with the Scottish Government.
- An evaluation of the wide range of corporate and directorate policies in current use, together with associated standard operating procedures and workplace practices.
- A comprehensive review of the HES approach to audit, assurance, governance, risk strategy and financial management, and how this has evolved over the period since HES was established.
- Consideration of several previous organisational and management reviews or stocktakes carried out by HES since 2015.
- A review of corporate and directorate data from both recent and historic employee surveys and feedback, together with relevant people-based management information from across the organisation. This included the findings of the Equality Review recently completed for HES by Diversity Scotland.
- An evaluation of the onboarding and induction processes used by HES and the organisation's approach to employee communication and engagement.

When the discovery phase of the review neared completion, a programme of stakeholder engagement commenced with a wide range of partners and interested parties. The work was undertaken in line with the agreed principles of the review including respect for confidentiality and for the views of those participating. The stakeholder engagement programme involved:

- Asking the CEO and ELT to complete a 'culture checklist', which was a self-evaluation based on the Public Service Improvement Framework (PSIF).
- Conducting 1 to 1 structured interviews with Board members, the CEO and the Executive Leadership Team, including acting directors.
- Periodic updates with the interim Chief Operating Officer and Board Chair.
- Conducting 1 to 1 structured interviews with Heads of Service across the organisation.
- Carrying out a number of stakeholder discussions with heritage partners in Scotland and elsewhere in the UK, the Scottish Government and Audit Scotland. The trades unions recognised by HES were invited to participate actively in the independent review process but declined to do so.
- Arranging 9 online Focus Groups involving a wide range of employees and managers, attended by over 150 people across the organisation. These provided valuable insight into 'the way we do things' in HES, clarity about employee priorities and complemented the existing employee survey datasets.

- Established a ‘confidential mailbox’ for the review to enable all employees within HES to raise any issue with the Independent Review which was relevant to the terms of reference agreed by the Board. Over 70 submissions were received, with almost all of them providing thoughtful, considered and valuable information.

Following completion of the stakeholder engagement work, analysis of the data collected and detailed feedback from consultees has led to a number of key findings and conclusions. These are outlined in the Executive Summary and recommendations, while further detail is also provided in section 5 of the report. Since the commencement of the review in late January, board members, employees and managers throughout the organisation have been open, honest and very willing to get involved and share their views about the current challenges facing HES and how these could be addressed. There is a real appetite for change and improvement, and a desire to move forward at pace.

3.0 Executive Summary

Historic Environment Scotland plays an important role in Scottish civic and public life. Since 2015, it has been responsible for the stewardship of some of the nation's most iconic sites, buildings and collections, enjoyed by millions of local and global visitors each year. Since the organisation was created over a decade ago, it has worked hard to promote, research, conserve and improve the historic environment and associated heritage.

Throughout the review, the knowledge, commitment and passion of employees and managers across HES to the 'mission' was notable; the challenges facing the organisation in recent years have been significantly mitigated by the energy and goodwill of staff to maintain both front line delivery and effective supporting functions. It will be important to maintain and harness this employee commitment moving forward.

In 2020/21, HES handled the Covid-19 impact well and since then has more than recovered its business and commercial income. The organisation's available resources have increased by over £50m over the last five years, with staffing levels growing by more than 300FTE over the same period. However, direct investment in Properties in Care and associated collections has not experienced a proportionate increase.

The Organisational and Cultural review has been conducted with a commitment to respecting the confidentiality of submissions and in a manner which sought to be inclusive and psychologically safe. This approach has led to a wide range of detailed and thoughtful submissions from participants, and a substantial body of evidence has been gathered to support the recommendations of the review.

Section 4 of the review report contains a total of 30 recommendations which it is believed will assist the Board and Senior Leaders of Historic Environment Scotland demonstrate that the organisation is delivering best value. Most of the recent challenges faced by the organisation have been about resource efficiency, work practices, internal relationships and prevailing behaviours. However, some legacy issues are also evident arising from limited attempts to fully integrate predecessor bodies, and these have also contributed to a fragmented organisational culture.

The review has carried out a wide-ranging organisational health check, and some of the key findings are remarkably consistent with those emerging from a HES Equality Audit recently completed by Diversity Scotland.

Recommendations have been made on aligning operating plans more closely with strategy, improved target setting and simpler procedures, particularly around people and workforce issues. There is significant scope to manage resources more effectively, moving emphasis from a predominantly short-term focus to more strategic medium term resource planning and delivery. In the same way, HES should play a more effective national leadership role and drive more productive partnerships. The most important recommendations arising from the review, however, are those relating to improving governance, oversight and accountability, together with the steps necessary to transform executive leadership. These will have the greatest impact on future organisational health, wellbeing and performance.

The review closely examined concerns that the organisation exhibited a 'toxic culture'. The evidence submitted by consultees in general demonstrated that HES is an organisation of 1600 FTE committed public servants working hard to protect and promote Scotland's historic environment. However, there is no doubt that in recent years organisational performance and strategic focus have not been well served by a combination of unproductive relationships between the HES Board and senior executives, a lack of joint visible leadership and limited collective accountability. Considering the review recommendations as a package should help address these challenges.

While this report focuses on areas for improvement, it is important to recognise that HES has delivered positive outcomes for Scotland's built heritage and continues to do so. Implementing the findings of this review will provide improved leadership, better governance and more efficient and effective delivery. The Board of HES should remain ambitious to ensure that Historic Environment Scotland recovers its confidence and focus and continues on its journey to be an exemplar public service organisation in Scotland.

4.0 Recommendations

Vision, Leadership & Governance

1. The HES Board and ELT should ensure that the recommendations from Audit Scotland's report on the Annual Accounts 2024/25 and associated Section 22 report from the Auditor General are fully and quickly implemented.
2. The HES Board and ELT should more clearly align high-level corporate plan outcomes to key HES activities and functions.
3. HES should devise a comprehensive programme of policy and strategy refresh over a three-year corporate planning period.
4. The HES Board should re-assess and clearly articulate what it means to be the lead public body for Scotland's built heritage and historic environment.
5. The planned Board Effectiveness Review is a critical opportunity for self-evaluation and a reset of the relationship between the HES Board and the executive leadership. This should be completed at pace and fully implemented by the end of 2026/27.
6. The Board should consider how best to enhance its capacity for at least the next two years and should approach the Scottish Government with (a) preferred option(s) for addressing this issue.
7. The Executive Leadership Team should consider adopting a clear annual workplan aligned to an emerging Board workplan and explicitly linked to the Annual Operating Plan cycle. This will assist with transparency, work planning and communication across HES.
8. The CEO and the Board should as a priority consider whether the current organisational structure is fit for purpose, and whether it is best placed to support the delivery of organisational priorities and outcomes. Section 6.1.3 provides some reflections on a potential new operating model.

Effective Use of Resources and Managing Risk

9. HES should develop a dynamic transformation and efficiency programme with clear stretch targets for the next 3 years.
10. HES should aim to reduce employee and management costs while more closely aligning 'posts to priorities' and increasing productivity.
11. The Board and ELT should properly explore the scope for shared services and cost sharing with other national heritage agencies and the wider public sector.
12. HES should undertake an organisation-wide, strategic review of income, charging and concessions across all its activities.
13. In partnership with the Scottish Government, HES should explore options for transforming the current approach to strategic investment in Properties in Care and their associated collections.

Strategic Risk

14. Risks around managing heritage assets, health, fire and safety are significant within the organisation, and the Board should assure itself that current and planned activity within HES will adequately address these.
15. The Board and ELT should consider enhancing the role of the Programme Management Office to incorporate gateway reviews for major projects and greater involvement in the development of project pipelines.
16. HES should establish a short-life working group of key officers reporting to the COO to take stock of current digital and IT services and priorities, pending a timely fuller review of the HES Digital Strategy.

Partnerships and Collaborative Working

17. HES should aim to build upon current partnership working arrangements, moving towards strategic collaborations with a clear focus on improvement and outcomes.
18. The Board and ELT should consider a joint learning and 'twinning' approach with English Heritage, Historic England, Communities NI and Cadw.
19. HES should work more closely with other national organisations in the 'culture cluster' in Scotland and the Scottish Government to identify and deliver joint solutions to similar business and investment needs.
20. HES should consider developing a formal strategic agreement with local government in Scotland.

Managing People and Performance

21. HES should ensure that the 'Working and Growing' process for improving employee performance is fully implemented, with senior managers across the organisation leading by example.
22. The Board and ELT should give additional priority to improving the current strategic workforce plan and using it actively as an organisational management tool.
23. HES should review the overall approach to hybrid working to ensure that current practices are aligned to organisational needs, and to drive cultural cohesion.
24. HES should consider moving from complex 'people procedures' to address workplace concerns to a fundamentally different approach based on 'respect and resolution'.
25. The Board and ELT should take steps to improve the current approach to employee recognition within HES.

Performance Management

26. HES should ensure that all directorate plans are fully compliant with the approved corporate performance management framework.
27. The Board and ELT should ensure that all key strategies and directorate plans within HES have SMART targets in place by the next Annual Operating Plan cycle, based as far as is practicable on outcomes.
28. As an organisation committed to learning, HES should introduce a programme of Benchmarking for Improvement.

Delivering Fair, Sustainable Outcomes

29. As a new, five-year Climate Action Strategy is being finalised, the Board and ELT should review this against the Sustainable Scotland Network's 'Leaders Climate Adaptation Checklist' to help improve implementation and assurance.
30. HES should maintain momentum and pace of delivery on the implementation of the agreed action plan arising from the recent Equality Audit completed by Diversity Scotland.

5.0 Organisational and Cultural Behaviours

It is widely understood that the culture of an organisation is crucial to its effective operation, its ability to deliver services and to improve, change and transform. A positive culture helps people to feel valued, respected and empowered to give of their best. It creates an environment where people feel supported when things are going well, and also when challenges arise or plans don't go as expected. Importantly, the culture of an organisation sets the tone for how people behave. It also helps everyone understand what they should and shouldn't do within the remit of their roles and responsibilities, at all levels across the organisation.

Despite the importance of a positive culture, agencies and public bodies that have a broad or diverse remit can find it challenging to look for and gather experiences that help them understand it. The stakeholder engagement work carried out for this review will assist in this regard.

5.1 Stakeholder Engagement: Consultation Feedback

Both the focus groups and confidential mailbox respondents were remarkably consistent in their feedback on the key issues facing HES. These views were also sense checked during the 1-to-1 interviews carried out during the review. Appendix 2 contains anonymised 'word clouds' representing the feedback from all 9 focus group discussions. These sessions were facilitated and structured around an agenda for improvement, which led to active discussions at the time during the focus groups and a pattern of follow up feedback through the confidential mailbox.

The tone of many of the comments and views expressed was predominantly negative, in part reflecting the challenging circumstances within HES over the last year or so. It is important to note however that some long-standing issues were also highlighted and there is a widely shared sense that the organisation has struggled with Covid-19 recovery planning and delivery. As a counterpoint, many employees are eager to see an improvement plan developed quickly and fully implemented while recognising their own personal role in ensuring its success.

What Leaders and Managers said:

- More than a decade after its creation, HES does not yet have a single performance culture or consistent organisational identity.
- There has been for some time been a lack of strategic, collegiate visible senior leadership within HES which has been a major contributor to the current low levels of trust and confidence within the organisation.
- Although strong peer relationships exist, there is also significant internal competition for resources which encourages fragmented thinking and disjointed work practices.
- Organisational policies, guidance and corporate frameworks are overly bureaucratic and complex, which can lead to frustration and non-compliance.
- There are different views within HES about what constitutes 'core business' – in particular this leads to a tension between conservation/heritage activity and the generation of commercial income.
- There is a disconnect between front line site operations and the corporate centre.
- Engagement with the HES Board can be challenging and sometimes intimidating.

- The role of HES as a sector leading organisation and innovator has diminished in recent years.
- There is strong motivation to deliver positive outcomes for Scotland's built heritage.

What Employees said:

- Leadership behaviours are inconsistent and sometimes not aligned to HES core values.
- The organisation is top heavy, siloed and has evolved a cluttered management structure.
- HES can be inward looking and has become less inclined to learn from other organisations over the years.
- Employees have a generally positive view of colleagues and local line management, and a strong sense of pride in their teams and the work they deliver.
- Senior Leadership visibility and engagement is an issue for many.
- The recent Pay & Grading review has left some workforce concerns unresolved.
- The 'wellbeing offer' in HES is recognised as positive but concerns were expressed about systems and policies being procedure driven, overcomplex and ineffective.
- More should be done to empower employees at Bands 1-4, where concerns have been expressed about being unheard and mistrusted.
- More should be done to positively encourage employees to tackle poor behaviour – there is a fear of reprisal evident. This issue was also identified in the recent Equality Audit work by Diversity Scotland.
- There is a need to review the effectiveness of internal and external communication within HES.
- SMART target setting within much of HES is poorly developed which contributes to a lack of pace and unclear accountability within the organisation.

What Partners and External Stakeholders said:

- The HES Grant model is well regarded and viewed as an example of good practice with a clear focus on outcomes, although scope exists for achieving wider sector impact and more effective partnership working.
- Although the challenges of the last 12-18 months have impacted on the reputation of HES, there is significant goodwill towards the organisation and its staff.
- There is a recognition that the 'Culture Cluster' in Scotland needs to take a more innovative and strategic approach to common challenges and opportunities, and that HES should play a key role in this.
- There is an opportunity for HES to tackle current challenges, raise its game and become a 'lighthouse' organisation for public service reform in Scotland.
- That moving forward, partnerships require a clear purpose, demonstrable benefits and a greater focus on outcomes. There is an opportunity for HES to build more effective strategic and operational relationships with local councils, particularly in Scotland's Cities.

5.2 Key Findings

In summary, the feedback from the stakeholder engagement work undertaken is that Historic Environment Scotland is an organisation with strongly committed staff, but it is hindered by:

- A fragmented organisational culture
- Weak and inconsistent leadership behaviours, especially at ELT.
- Disconnected priorities and ineffective planning.
- Poor communication at corporate levels.
- Inconsistent governance and compliance.
- Dysfunctional people systems.
- Low trust in processes, especially around resolving workplace issues.
- Limited empowerment and blocked innovation.

Some of these issues have also been identified in internal and external audit reports, together with the recently published Section 22 report by the Auditor General for Scotland. It is also important to note that an Equality Review carried out for HES by Diversity Scotland identified many of the same challenges for the organisation.

Significantly, the Board of HES has recognised that the organisation is at a crossroads and has started a programme of change at pace, with the aim of restoring confidence in HES as Scotland's lead body for the historic environment. The Board and senior executives have fully accepted the Audit Scotland and Auditor General's reports and actions are well underway to implement the necessary changes. An interim Chief Operating Officer has been appointed to provide experience, stability and capacity. The HES Board has commenced an internal Review of Board Effectiveness, which is an important commitment to ongoing self-evaluation. The recommendations from the Equality Audit have been accepted and are being fully implemented. As a top priority, work is underway to resolve executive leadership issues and behaviours and to create effective strategic capability. These issues should remain a key focus for the Board and CEO over the year ahead.

Building on this momentum, there are a range of further actions and recommendations for change arising from the work of this review. These will help HES further demonstrate that it is delivering best value and are outlined in Section 6 of this report.

6.0 DELIVERING BEST VALUE

6.1 Vision, Leadership and Governance

The last 18 months has been a challenging and disruptive period for Historic Environment Scotland, culminating in critical internal and external audit reports and a Section 22 report by the Auditor General for Scotland to the Public Audit Committee of the Scottish Parliament. Throughout this period, there has been intensive media scrutiny of the organisation which has had a significant impact on confidence and reputation.

It is important to note that audit opinion concerning HES was clear that there were no material misstatements, accounts were unqualified and that HES was operating as expected in relation to its obligations as a charity. However, there were several significant findings raised in relation to governance statements, workforce policies and practices, expenses, asset valuation, procurement and some technical accounting matters. Detailed action plans have been put in place to address all these issues, so it is not intended to revisit them as part of this review – however it is critical that the necessary improvements are fully and quickly implemented.

6.1.1 Corporate Overview

The approach taken by HES to corporate planning and strategic oversight is comprehensive and reflects the requirements of the 2014 Act, Framework Agreement and OSCR. The organisation has a clearly stated vision and set of values, while the annual report provides a good explanation of the links between the National Performance Framework (under review), National Heritage Strategy (Our Past, Our Future) and the HES Corporate Plan and Annual Operating Plan cycles. The high-level corporate framework seeks to be evidence led, risk driven, influenced by consultation and impact assessments, is well publicised and is scrutinised regularly by the Board.

In addition, HES has developed a significant number of functional and sector strategies, plans and guidance. Many of these are driven by HES directorates or specific teams, and these are at various stages of completion, development and review. In general, they are well written, interesting and relevant to ongoing operational activity. However, while strategies such as the Research Strategy, Climate Action, Skills Investment and Gaelic Language Plans are explicitly linked to the corporate planning framework, the relationship between organisational priorities and many other plans is less clear. In addition, there is no consistent format or template used, which can make resource requirements, interdependencies or potential tensions between the HES ‘family of plans’ hard to identify.

An example of good practice with a clear focus on outcomes is the policy approach taken by HES to the provision and distribution of grant funding. Strategic alignment with corporate goals, a customer/user focused approach, a commitment to continuous improvement and pace of delivery, a clear focus on outcomes and good use of data are all strongly evident. In addition, scrutiny is welcomed and effective while public performance reporting is of a high standard.

The HES Board and ELT may wish to consider the following actions:

- Many of the 10 KPIs and 31 Key actions in the corporate and annual operating plans relate to the timely production of strategies, frameworks and programmes. This lacks clarity about which planned actions are most significant and how approved HES outcomes will actually change and improve. Accountability would be improved if targets were developed beyond ‘process milestones’. Similarly, it would be helpful if steps were taken to more clearly align high level corporate outcomes to key HES activities and functions such as PiC and non-PiC operations, archives, collections and regulatory work. This would promote ownership and make resource allocation decisions easier and more transparent.
- Developing a HES-wide programme of strategy and policy refresh over a three-year corporate planning period. This likely to lead to internal efficiencies, more effective consultation and may facilitate some shared activity across the ‘culture cluster’ in Scotland.
- Reviewing and clearly articulating what it means to be the lead public body for Scotland’s built heritage and historic environment. Throughout the organisation there are differing views about this leadership role and a wide variety of learning, promotional, skills, research and partnership work is being pursued as a result. While these are all undoubtedly worthwhile, it is less clear where priorities lie and the strategic position that HES should adopt in pursuing them. At present, HES variably plays the role of funder, advocate, enabler, delivery agent, commissioner, contractor and partner.

6.1.2 The Board of Historic Environment Scotland

Feedback from Board members has made it clear that the challenges of the last 18 months have been demanding and a distraction from HES core business. The commissioning of a Review of Board Effectiveness is a significant step, and this self-evaluation will provide an opportunity to redefine effective working relationships between the Board of Trustees and the ELT, based on mutual trust and respect and a clear understanding of their respective roles and responsibilities. This first review will provide baseline data and should be an annual occurrence.

During the stakeholder engagement work, several issues were regularly raised by participants:

- There is a lack of clarity and an inconsistent approach among HES managers on whether, when and how best to involve the Board and its committees in policy development and performance oversight.
- Are the current HES group operations and Board committee structures well aligned with HES priorities and delivering effectively? In particular, is there scope for the HESe Board to play a greater role in overseeing commercial strategy and income generation activities?
- The quality of Board reports is variable and there is limited use of a standard template.
- Board agendas are compiled within a relatively short time frame and the adoption of an annual board workplan aligned to the annual operating plan would be more effective in holding the HES executive to account.
- Many employees would welcome the opportunity to meet Board members more often, including organising Board meetings outside Edinburgh.

- The Board should consider moving from holding periodic ‘Development Days’ to a more structured ‘Learning and Growing’ approach. For example, a 3-year development programme incorporating deep dives into thorny issues, external presentations, joint strategic planning with the ELT around key corporate plan themes, reviewing the Board skills matrix, joint learning sessions with other Heritage Bodies and so on would build capacity and relationships. This programme should also incorporate Chair/Board member appraisal meetings.
- Like the ELT, Board members have an important role in modelling positive behaviours and ‘walking the talk’, both within the organisation and externally where they have a key advocacy role.

This feedback should be actively considered as part of the Board Effectiveness Review.

A further matter which the Board should reflect on is its own capacity and capabilities, beyond the helpful skills matrix and gap analysis which has been recently completed. HES has an ambitious agenda and significant leadership responsibilities for Scotland’s historic environment together with a national footprint of functions and activities. There is a desire to play a leading role in the public service reform agenda, and the implementation of the current suite of reviews and action plans will place a heavy burden on Board members. The current time allocation for trustees is unlikely to be adequate for the period ahead and options to tackle this include additional days for board members, more meetings, increasing the size of the board and co-opting additional expertise. Any increase in capacity should be appropriately remunerated.

It is recommended that the Board considers how best to enhance capacity for at least the next two years and approaches the Scottish Government with (a) preferred option(s) for addressing this issue.

6.1.3 Executive Leadership in Historic Environment Scotland

Much of the evidence provided to the independent review stated that the greatest risk to the delivery of HES’s strategic priorities relates to problems associated with the strategic leadership of the organisation. Indeed, this is noted as a principal risk in the HES 2024/25 Annual Report and Financial Statements, while the associated Audit Scotland report stated:

‘There is ongoing change and instability in the leadership of HES and this presents a significant risk to the governance and operation of the organisation. The board and ELT must work together, with the Scottish Government sponsorship team, to strengthen relationships and provide effective leadership’ (Annual Audit Report, Dec 2025).

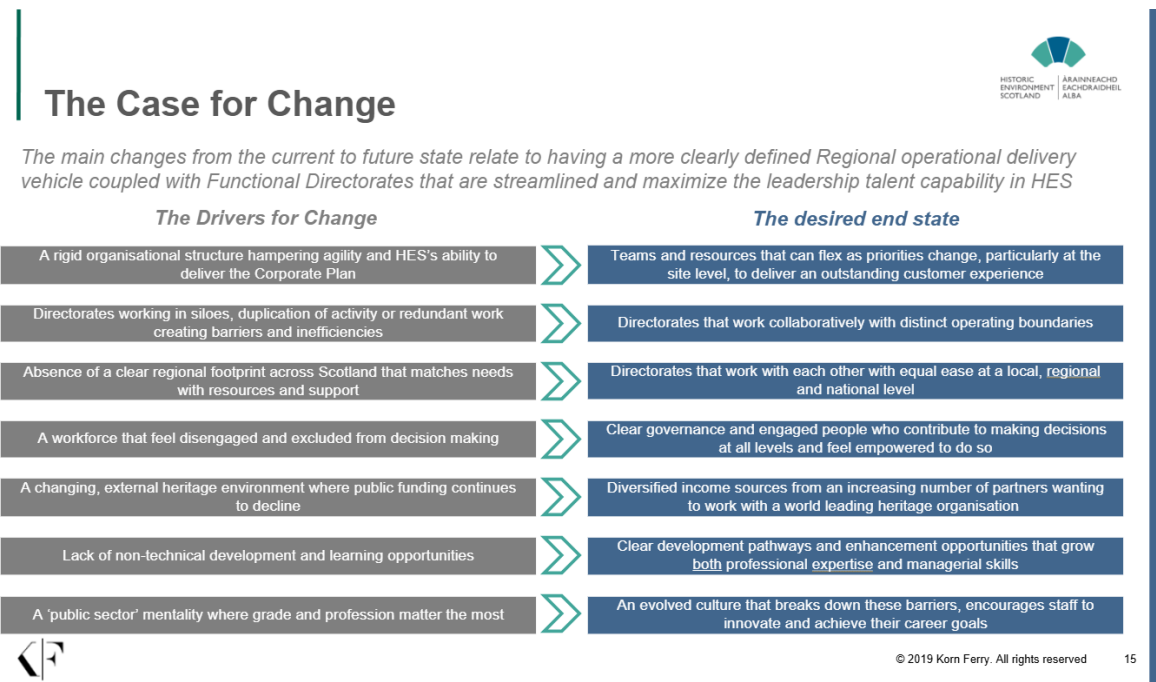
The Auditor General for Scotland pointed out:

‘The change and instability in the leadership of HES must be addressed to enable the organisation to strengthen its governance, culture and control environment’ (Auditor General for Scotland, Section 22 report, December 2025).

The Journey from the 2014 Act to date

Since HES became fully operational on 1st October 2015, the organisation has engaged 5 chief executive officers (including 2 interim appointments) and 3 Board Chairs. The merger of two predecessor bodies with a long history of operating independently has been an involved and protracted process, with many review participants stating that HES is not yet operating as an integrated organisation with a single performance culture. Based on stakeholder feedback and review analysis, there are several reasons for this:

- Both predecessor bodies had quite different operating cultures and governance arrangements, and the approach to merger appears to have been evolutionary rather than following a clear integration plan with SMART targets and an early commitment to develop common core systems.
- It has taken time for the organisation to develop an appropriate skills mix between the knowledge and technical expertise required in a national heritage body with a broad remit, and the corporate expertise needed to run a successful NDPB with charitable status delivering responsive public services. Arguably, this remains an issue and there is still a residual tension within HES about what constitutes ‘core business’.
- Since its establishment, HES has promoted several different brands and identities for operational purposes. It is likely that the approach that HES has adopted to brand diversity has contributed to the evolution of distinct sub-cultures within the organisation.
- Perhaps most significantly, HES has adopted a periodic, set-piece approach to the creation of organisational and management structures, followed by long timescales for implementation (partly affected by the Covid-19 pandemic). This has meant that it has been challenging to maintain momentum and focus. The most recent ‘Reshaping’ exercise was implemented over 2021-22 and work has been underway to embed this since then. The original aims and objectives of that change agenda were:



Although some progress has been made on this journey, the pace of change has been slow, and it is evident that these outcomes have not yet been fully achieved. In particular, the size and scale

of the Operations Directorate with 55% of total FTE staffing has unintentionally created challenges for managerial capacity and corporate consistency.

The Current Position

Review consultees, including many managers within HES, welcomed the opportunity to share their views on the effectiveness of the current organisational structure and its leadership. In addition, some comparative analysis was undertaken with other relevant Scottish and UK public bodies and heritage agencies. The main conclusions were:

- Compared to many other public agencies, HES is relatively well resourced. Total income including core government grant has grown by over £50m over the last five years, and FTE employee numbers have risen by 300 over the same period. The new business model recently agreed with the Scottish Government provides greater flexibility in the use of available resources which is to be welcomed.
- However, despite a well-publicised corporate and annual operating plan framework, there is a lack of clarity – perhaps even agreement- around shared organisational priorities across directorate leadership teams. This can lead to a competition for resources, poor internal communication and inconsistent leadership behaviours.
- Several contributors to the review challenged what they saw as a lack of a collegiate and collaborative way of working at the Executive Leadership Team. In essence, there is a widely held view that ELT ‘cabinet’ decisions are not consistently supported or implemented, and that the ELT is a forum which is often about ‘winning’ a position for a particular function, activity, policy or project.
- When the HES structure is benchmarked with industry standards, the organisation has more line management layers than would be expected, the spans of managerial control are relatively small and there is a bigger managerial population than is typical for an organisation of HES’s size and responsibilities. These layers of management can mean that there is little room to grow or enhance roles, and employee empowerment is hampered as decision-making roles get concentrated.
- A key theme raised by consultees was the issue of vague or ‘blurred’ responsibility for some service areas and activities within HES. This can lead to apparent duplication of effort or gaps in provision, although it was also pointed out that committed employees often found ways to work around these issues. Nonetheless, HES should consider whether greater efficiencies and impact could be achieved by taking a more integrated and strategic approach to all aspects of digital strategy and transformation (including information governance and data collection/management), health, safety and associated compliance across the organisation, communications and skills/training activity.
- Both the stakeholder engagement exercise carried out for the Culture Review and recently completed Equality Audit by Diversity Scotland found that confidence and trust in senior leaders is at a low ebb. Following conclusion of current internal investigation processes, it is essential HES senior leaders move on from internal tensions and strained

working relationships to rebuild confidence and trust, model positive behaviours and provide inspiring leadership for a capable and committed HES staff team.

Today, HES is predominantly organised around functional specialisms and this can and does lead to challenges in aligning strategic goals with day-to-day operational activities. Due to organisational complexity, there is also a real risk of a loss of pace, missed deadlines and sometimes a lack of clear accountability. This in turn can lead to mixed messages about the importance of corporate discipline and consistency, which has been identified in recent internal and external audit assessments.

Taking all these factors into account, it is recommended that the CEO and the Board should as a priority consider whether the current organisational structure is fit for purpose, and whether it is best placed to support the delivery of organisational priorities and outcomes.

Towards a New Operating Model

After a difficult and challenging period, Historic Environment Scotland should take firm and clear action to reassert its role as the lead public body for the built heritage in Scotland and remain committed to playing a key role in transforming public service delivery. HES should:

- Pursue an ambitious and deliverable national agenda for change, based on strategic collaborations with the wider sector and various communities of interest across Scotland.
- Maximise the opportunities offered by a revised Framework Agreement with a new Scottish Government to improve outcomes for and increase investment in the historic environment.
- Deliver on its corporate goal that the historic environment is cared for and championed by a high performing organisation.

A key success factor in moving forward in this way is to reset the relationship between the HES Board and senior executive leaders in the organisation. It is essential that there is a clear and shared understanding about their respective roles and responsibilities, and that working relationships are based on mutual respect and trust. The Board Effectiveness Review provides an opportunity to achieve this, and it should be driven forward and subsequently implemented at pace by the Board Chair/Depute Chair and CEO/COO.

In considering a future target operating model for HES, it is recommended that the CEO and Board consider the merit of the following proposals and principles:

- Establish a new senior leadership structure consisting of a Chief Executive Officer and four Executive Directors. One of these should be a Chief Operating Officer and Depute CEO responsible for executive oversight of all corporate services except for corporate communications, strategic policy & performance and external relations which would be retained as part of a CEO executive office. The other senior executive posts should be established as portfolio holders, with executive oversight of three main activity groups – Conservation & Properties, Heritage & Place, and finally Enterprise & Visitors. Although there is no single perfect organisational structure, one high level option for how this might be achieved can be found in Appendix 3. The introduction of any new senior leadership

structure should aim to be fully in place by the end of March 2027 and be aligned with the implementation of the Review of Board Effectiveness.

- At the heart of this approach is a fundamental refocus of the role of Executive Directors. These key postholders are collectively responsible for securing continuous improvement by demonstrating strong, ethical leadership, ensuring effective governance and making best use of public resources. This means a greater focus on inspiring employees and delegating authority, maintaining delivery at pace and making targets real, while championing both Scotland's built heritage and a public service ethos. It also involves being exemplars for HES behaviours and promotion of a learning and 'can do' attitude across the organisation. Leading and operating in this way requires a good understanding of how Scotland works in addition to an understanding of Scotland's historic environment, together with a comprehensive personal skill set and a growth mindset. The Scottish Government will shortly launch a shared statement around 'Collaborative Public Services Leadership' and there is an opportunity for HES to be an early adopter of such an approach.
- Adoption of a portfolio model will help HES focus more clearly on core business and key priorities rather than being driven by organisational functions, reducing concerns about 'silo working'. It will also facilitate more agile working, where disruptive set piece reviews are replaced by adopting an approach where service structures evolve as required in a fast-moving public service environment. The use of empowered cross directorate teams under a lead Head of Service or relevant expert to realise opportunities and tackle complex problems will also become more commonplace in the organisation, using its skills base more effectively and improving morale.
- On a practical level, the executive leadership group should consider adopting a clear annual workplan aligned to an emerging Board workplan and explicitly linked to the Annual Operating Plan cycle. This will assist with transparency, workload planning and communication across HES. Driving a collegiate problem-solving culture is an essential function of the leadership team, and a business management approach where views are valued, options considered, decisions taken, actions are implemented quickly and effectiveness is reviewed would be widely welcomed across the organisation.

6.2 Effective Use of Resources and Managing Risk

6.2.1 Corporate Resources

Recent Historic Environment Scotland Annual Reports have indicated that available resources have increased from £93.6m to £144.6m over the last five years, and FTE employee capacity has grown by over 20% from 1297 to 1603. This has been largely due to a significant post-Covid-19 recovery in external income and has enabled HES to increase investment in Properties in Care (PiCs), while pursuing a wide range of other heritage initiatives.

There is however some feedback from consultees that the recent growth in expenditure and staffing could perhaps be better aligned to the strategic priorities of the organisation. The backlog of investment required in PiCs and associated collections remains challenging for HES, while

initiatives enthusiastically led by individual Directorates may create unforeseen or unintended impact on wider organisational systems and planned activities.

Looking beyond the issues identified in the 2024/25 Accounts Audit Scotland report and subsequent Section 22 report by the Auditor General, the frameworks, controls and guidance used within HES for resource management have been considered by both internal and external auditors to provide reasonable assurance in recent years. The importance of compliance with the Scottish Public Finance Manual and Charities SORP is well understood.

As indicated earlier in the review, HES has been relatively well resourced compared with similar public bodies in Scotland. Partly as a result, there has been a focus over the current corporate planning cycle on in-year financial management and annual Directorate bidding processes are in place for both revenue budget allocations and for an Investment Plan process. There is also a medium-term financial strategy which examines a range of scenarios and options, and this is now under review. To date, this strategy has been considered contextual and advisory.

Moving forward, it is recommended that the Board and senior leaders adopt a more strategic and rigorous approach to ensure best value and a close alignment between the organisation's priorities and available resources. Public sector finances in Scotland are facing a challenging future, while global economic headwinds are worsening which could have a significant impact on HES commercial income. It is suggested that:

- HES develops a dynamic transformation & efficiency programme with clear stretch targets for the next 3 years.
- HES develops a clearer approach to reducing employee and management costs while more closely aligning 'posts to priorities' and increasing productivity through a corporate Workforce Plan. Discussions should take place with the Scottish Government and trades unions about adopting a constructive and inclusive approach to this.
- HES should properly explore the scope for shared services or cost sharing within the 'Culture Cluster', with other national heritage agencies and with other public sector bodies in Scotland, as part of a renewed focus on Public Service Reform and efficient delivery.
- HES should undertake an organisation-wide, strategic review of income, charging and concessions across all its activities. This should aim to review current practice, promote greater integration, align fundraising work more closely with HES priorities and seek to identify new and innovative opportunities.
- In partnership with Scottish Government, HES should explore options for transforming the current approach to delivering a Strategic Investment Plan. In particular, HES should move quickly to finalise the creation of costed 10-year strategic development plans for Glasgow Cathedral and Edinburgh, Stirling and Urquhart castles. A significant review of PiC & Collections strategy and associated delivery planning is currently underway but is not scheduled to be completed until March 2028. At present, the SIP is predominantly driven by an annual bid process which inevitably focusses most attention on the short term, increases the risk of programme slippage and can be resource intensive to manage. A more strategic, longer-term approach using the flexibilities in the 2014 Act to raise external funds or work in partnership with funders is worth exploring. If successful, this

could achieve a step change in HES's capacity to invest in Scotland's historic environment.

6.2.2 Strategic Risk

The approach to risk strategy, policy and management has been maturing in recent years, and some solid progress has been made. There is an active Audit, Risk and Assurance Committee of the Board in place exercising good oversight, with a clear drive for improvement and a focus on good evidence and data. Training for executives and non-executives has been implemented, while the Internal Audit function is well regarded. The corporate risk register recognises the significance of risks around managing heritage assets, health, fire and safety and a programme of work is underway to implement a centralised safety & compliance system by the end of 2026/27. Ensuring that an integrated, efficient and effective approach to addressing this key corporate risk area should remain an assurance priority for ARAC.

HES is increasingly adopting a risk-based approach to audit and review work, and this is to be welcomed. Further work is underway to improve understanding of risk assurance and risk appetite as the risk strategy framework undergoes a five-year review. However, there remain some outstanding concerns about the pace of implementation of actions arising from audit and risk work, which remains variable. The recommendations arising from the Culture Review, should the Board accept these, may have some implications for the Audit Workplan in the future.

The Project Management Office and PMO Board operate as a key part of the HES risk management and assurance arrangements, providing an evaluation and quality assurance function in addition to maintaining oversight of the HES project portfolio. The PMO performs an important role as a source of expertise and promotes a proportionate, consistent approach to project appraisal and delivery. The PMO strategy was last approved in 2022, and it would be appropriate to evaluate its success to date and carry out a strategy refresh. HES should consider enhancing the PMO role to incorporate gateway reviews for major projects and greater involvement in the development of project pipelines.

HES clearly recognises the transformational opportunities offered by well run, innovative and efficient digital and IT services. Key strategies and policies were last reviewed in 2021/22, and the stakeholder engagement work identified strong support for additional resources in this key area. However, concerns were also raised about the wide range of project activity underway and a mismatch between ambition and delivery capacity (including the ability to maximise the use of existing tools such as FUSION and MS365). It was also noted that digital and systems-related functions are currently dispersed across the organisation, increasing the risk of inconsistency, inefficiency, fragmented governance and potentially cyber security.

While some work has been undertaken recently to develop a Digital Blueprint for HES and the PMO adopts a Digital Design Authority approach, the complexity and breadth of HES digital responsibilities are significant and it is suggested that a short-life working group of key officers reporting to the COO is established to take stock current practices and priorities pending a timely fuller review of the HES Digital Strategy.

6.3 Partnerships and Collaborative Working

As the lead public agency for the built heritage in Scotland, HES has since 2015 worked with partners to sustain and enhance the benefits of the historic environment for people and communities. It has led on the development of 'Our Past, Our Future (OPOF)' as a national heritage strategy for the period from 2023-2028 and has built generally positive relationships within the public and not-for-profit sectors. A National Strategy Steering Group is in place and Scotland's Historic Environment Forum appears to be well supported. A similar partnership approach has been adopted to the development of a Skills Investment Plan 2024-29 for the historic environment and its associated governance.

Feedback from stakeholders indicated that OPOF provides clear strategic direction and that HES can act as a credible national voice for the sector. However, it was also suggested that HES could do more to build sector capacity and resilience, improve coordination across the system on shared priorities and act to enable change rather than 'doing everything'. In the same vein, while HES grant support mechanisms are viewed as well managed, feedback suggests that these could be more effective if HES acted more as a 'system leader', not simply a 'gatekeeper' for funding.

As HES moves forward to prepare a new National Strategy, it is recommended that this work is done alongside a clear strategic delivery plan that aligns internal HES activity with national outcomes and makes clear where HES will lead and where it will enable others to do so. A mid-term evaluation of the Skills Investment Plan could take a similar approach.

More generally, Historic Environment Scotland has in recent years demonstrated an instinct to internalise capacity and capability to address perceived Directorate needs and operational requirements. Over time, this has contributed to a significant growth in staffing. Moving forward, the organisation should be more agile and open to alternative approaches such as resource sharing with other agencies, joint ventures, strategic partnerships and co-sourcing arrangements. HES should:

- Aim to build upon current partnership working to move towards strategic collaborations with a clear focus on improvement and outcomes.
- Consider a joint learning and 'twinning' approach with English Heritage, Historic England, Communities NI and Cadw for Board and ELT members.
- Work more closely with other national organisations in the 'culture cluster' in Scotland and the Scottish Government to identify and deliver joint solutions to similar business and investment needs. There are also some aspects of the recent Independent Review into Creative Scotland that may also be relevant to HES;
- Consider developing a formal strategic collaboration with local government in Scotland. Scottish councils are natural partners for HES in many ways:
 - Both HES and councils are regulators and custodians of the built environment
 - A significant proportion of Scotland's historic residential property is managed by councils and associated Registered Social Landlords
 - Most councils employ direct workforces with construction, technical and facilities skills

- Design, programme and project management skills are well developed in local authorities
- Councils have strong procurement skills and run Scotland Excel as a sector centre of expertise
- Climate action and carbon management plans are innovative and creative
- Councils have significant experience of transformation programmes and workforce planning.

In addition, HES should explore the scope for deeper joint working with the Scottish Cities Alliance. Outside of Edinburgh and Stirling, HES has a relatively small PiC footprint in cities. Glasgow, Dundee, Inverness, Perth, Dunfermline and Aberdeen contain a significant proportion of Scotland's wider built heritage and could help HES drive forward its national agenda.

6.4 Managing People and Performance

6.4.1 People Matter

Much of the feedback to the Culture Review recognised that the last year or so has been a challenging and disruptive period for everyone in Historic Environment Scotland. Many contributors re-emphasised the importance of sustained positive behaviours as a key determinant of a performance culture, the need for clear accountabilities and the need for shared, well-communicated priorities as HES moves forward.

The Equality Audit recently completed by Diversity Scotland has identified a comprehensive programme for change, and this has been fully accepted by senior leaders and the Board. One important issue raised in the Audit is the contribution made by employee-led Networks and Forums within HES to organisational culture and effectiveness, and how this might be enhanced. It is critical that early progress on the action plan is sustained, and that visible leadership and honest self-evaluation remains at its heart.

A major strength of HES is the passion, commitment to the mission and solution focus of employees right across the organisation. From the outside, visitors, clients and customers have continued to receive professional services and enjoyed positive experiences. The extent of employee goodwill and resilience has been notable, but there is no doubt that morale and confidence has been adversely affected over the last year. Restoring this should be a top priority for senior leaders and the People Committee.

On a positive note, HES aspires to be a values-led organisation and the Corporate Plan and AOP frameworks commit to being an employer of choice. The employee well-being offer is well regarded, a revised 3-year People Strategy is in place and a new 'Working & Growing' employee development process has just been launched. Relationships with trades unions are reported to be positive and a rolling programme of review is underway for the extensive suite of employee-related policies currently in place. The importance of an effective support framework for leaders across the organisation has also been recognised, with an evolving range of leadership development opportunities in place.

It is important that the 'People Agenda' within HES continues to be a key focus to unlock the organisation's potential. It is recommended that the Board and senior leaders should consider the following issues and proposals:

- Ensure that the ‘Working and Growing’ process is implemented fully and in a timely manner, with senior managers across the organisation leading by example. Ongoing evaluation and a clear alignment between personal goals and learning and development opportunities are important if this new programme is to succeed.
- Give additional priority to developing and improving the current strategic workforce plan and using it actively as an organisational management tool. This should be aligned to the corporate planning cycle, the Skills Investment Plan and revised Medium Term Financial Strategy.
- Review the overall approach to hybrid working which has evolved across HES since the Covid-19 pandemic to ensure that current practices are aligned to business needs, contractual requirements and help promote a single performance culture.
- Creation of an integrated corporate and internal communications service within HES, preferably as part of a core CEO office function. This recognises that communications is a skilled strategic activity, would be more agile than the present fragmented arrangements and make better use of available resources.
- Embrace a shift from updating complex ‘people procedures’ to address unhealthy workplace matters to a fundamentally different approach based on ‘respect and resolution.’ The Board and ELT should consider adopting a tailored version of the ‘All-Wales Respect and Resolution Policy’. This was launched in 2021 and is an NHS Wales framework aimed at resolving workplace disputes, bullying and grievances constructively, favouring early resolution over formal procedures. It promotes healthy working relationships, restorative approaches and requires all employees to take ownership of resolving conflict, supported by a toolkit of internal and external resources. A recent evaluation of this model has been positive. Adopting a similar way forward for HES would represent an important statement about promoting a healthy working environment and ‘the way we do things around here’ as the organisation moves forward.
- Take stock of the current approach to employee recognition within HES. As a national organisation with a diverse range of activities, it is important that HES builds a culture of recognition and adopts a strategic approach to support leaders in practicing compassionate leadership. Local Government and the NHS in Scotland have a track record of doing this well.

6.4.2 Performance Management

The corporate performance and monitoring framework used by HES is clear and well documented. The roles and responsibilities of Directorates, Heads of Service, Business Managers and functional leads are identified, it is scrutinised regularly by the ELT and the board and is well aligned with HES corporate risk strategy and policies.

However, there is evidence that target setting across key goals and activities in HES is not particularly well developed. Where milestones are in place they are often qualitative, about intermediate measures such as producing a policy or strategy, and not always well linked to HES core business activities and outcomes. Accountability for delivery can also be unclear, and there

are instances where targets appear to be regarded as advisory rather than definitive. This can in turn lead to a lack of concern for pace of delivery. For HES to become a consistently high performing organisation, this mindset is unhelpful and hinders continuous improvement. The Board and ELT should consider the following actions:

- There is a risk of disconnect between Directorate Plans and the Corporate Performance Management Framework, as the HES guidance in this area is advisory rather than mandatory. This is too light touch and if the HES planning hierarchy is to be effective, compliance should be a requirement of Directorate plans, activities and projects.
- For the next Annual Operating Plan cycle, ensure that the key strategies and directorate plans within HES all have SMART targets in place, based as far as is practicable on outcomes. This, together with a greater use of balanced scorecards/dashboards in some areas will improve the effectiveness of board oversight and promote continuous improvement.
- As an organisation committed to learning, HES should introduce a programme of Benchmarking for Improvement. Comparing HES's performance across an appropriate range of measures with other UK heritage bodies, the Culture Cluster in Scotland and some relevant external public bodies would provide insight and could potentially be transformative. Local government has a long track record of working in this area and the Improvement Service (a partnership between councils and the Scottish Government) is an excellent source of advice.

6.5 Delivering Fair, Sustainable Outcomes

The Sustainability Report published in the HES 2024/25 Annual Report makes it clear that the organisation is committed to a broad range of climate action, and that it has taken a strategic approach to this work. It is recognised that the historic environment is on the front line of climate change and plans exist or are under development for sustainable travel & procurement, responsible tourism, carbon management and the circular economy, together with research and improved work practices to tackle the impact of climate change on the physical fabric of properties.

HES has however failed to meet some of its own stretch targets and, like other public bodies, found it challenging to devise formal metrics and targets for climate adaptation risks and opportunities. As a new five-year Climate Action Strategy is being finalised, the Board and ELT should review recent activity against the Sustainable Scotland Network's 'Leaders Climate Adaptation Checklist' to help improve implementation and assurance in this important policy area.

HES is committed to fairness and equality in the workplace and has already agreed to fully implement the findings of a recent Equality Audit carried out by Diversity Scotland. Keeping up momentum and delivering at pace on an approved action plan is an important test for the Board and the ELT, and a key step in rebuilding employee trust and confidence.

HES is an accredited Living Wage Employer and has adopted Scotland's Fair Work policy framework. Grant recipients, suppliers and contractors are also required to demonstrate their compliance with this approach.

7.0 CONCLUSION

This review of Historic Environment Scotland has been a timely opportunity to carry out a strategic assessment of the organisation, based on a substantial body of evidence and self-evaluation. While HES has significant strengths and expertise, it requires to address the gaps in strategic leadership, governance, resource and performance management identified in this report if it is to fulfil its potential and build an effective, consistent and inclusive performance culture.

The recommendations in this review, if fully implemented, will help promote continuous improvement, improve pace and confidence and help deliver better outcomes for Scotland's historic environment and built heritage.

8.1 APPENDIX 1

Historic Environment Scotland: Organisational & Cultural Review

SCOPE AND PURPOSE

HES has since 2015 been the lead public body for the effective and efficient stewardship of Scotland's historic environment and plays an important role on behalf of government, communities and civic Scotland in this regard. HES is also a registered Scottish charity and undertakes significant commercial trading activities. More recently, the organisation has experienced several leadership, reputational and governance challenges. Concerns have been expressed both internally and externally about workplace culture, the effective use of resources and the ability of HES to provide adequate assurance to stakeholders that it is demonstrating best value. The Chair and Board of HES have acknowledged the current challenging operating environment and agreed to fully implement the recommendations for improvement contained in the 2024/25 Annual Audit of HES and associated S.22 report issued by the Auditor General. Work is also well underway on addressing a number of operational concerns that have been raised over the last year. In addition, and to complement this activity, the Board Chair has commissioned an independent review of the organisation to support this improvement journey and build upon the work currently underway.

This review will provide an independent, system-wide assessment of HES's organisational culture, leadership, governance and operating practices, identify the root cause of current challenges and set out clear, actionable recommendations to restore confidence and ensure best value.

It is anticipated this will include reviewing current ways of working, organisational behaviours and norms, the management of risk, performance management, employee development and engagement frameworks, the application of good practice in corporate governance, a range of leadership and management issues, information & communication strategies and collaborative working approaches.

It is proposed to frame the Organisational and Cultural review around the principles of best value outlined below:

- Vision and Leadership
- Governance and Accountability
- Effective Use of Resources
- Partnerships and Collaborative Working
- Managing People and Performance
- Sustainability
- Fairness, Equality and Inclusion
- Organisational Culture and Behaviours

Methodology and Approach HES has a clear and unambiguous statement of values as a public organisation. These are a commitment to collaboration, professionalism, innovation, openness & transparency and respect for individual contribution to the organisation. The importance of

positive behaviour throughout HES is also recognised, and it is important that the review process is conducted in a way which reflects these values. It is also worth noting that there is close alignment between these values and those of the Scottish Government.

Key principles which should guide the review are:

- Independence
- Confidentiality
- Psychological Safety
- Evidence-based recommendations
- Proportionality
- Transparency

A broad outline of the proposed review process is summarised below. A key early objective will be to establish ownership of and commitment to the review process and subsequent development of an action plan for improvement by the Board and the leadership team:

- Introductory meetings and communications - a 'soft launch'
- Discovery phase - Document and Organisational framework review
- Stakeholder Engagement

An inclusive approach to evidence gathering and listening to HES employees, partners and a range of relevant stakeholders is a critical component of this review. It will however be important to strike a balance between inclusivity and thoroughness and the need to develop an action plan for improvement at pace.

The review should also aim not to duplicate any 'business as usual' engagement activity that is currently underway within HES. It is proposed to:

- conduct structured interviews with key stakeholders such as board members, the CEO, members of the ELT, Scottish Government sponsors, lead external auditor and other relevant parties.
- conduct a number of structured focus group meetings with employees and key partners (including trades unions).
- review recent data collected from employee surveys and related exercises. Should there be a need to supplement this, it would be possible to extend a time limited open invitation to employees and partners to submit views/provide feedback for consideration within the terms of reference of the review.

ANALYSIS

This will involve collating and evaluating the evidence gathered throughout the review, identifying any gaps and opportunities for improvement. It will also be important to highlight areas of good practice where this exists.

DELIVERABLES

A comprehensive review report, structured around the principles of best value outlined above and with a particular focus on organisational culture and behaviours.

A comprehensive SMART action plan for improvement and change, with clear recommendations for the Board and the Executive Leadership Team. This will complement the actions already agreed by HES arising from recent Annual Audits and the Auditor General's S.22 report.

BUDGET, RESOURCE REQUIREMENTS & TIMESCALE

It is anticipated that the review programme will commence in mid-January and be completed by May 2026, although this will be influenced by the availability and range of stakeholder consultations and any emerging client requirements.

8.3 APPENDIX 3

Potential Target Operating Model



Portfolio structures are indicative at this stage, pending establishment of revised senior leadership arrangements. This TOM (Target Operating Model) approach promotes cross-

organisational working, aligns operating structures to the ambitions of the corporate plan and centralises key functions to increase efficiency and effectiveness.

At local level, HES business could continue to be co-ordinated by four regional coordinators, driven by 1–3-year Delivery Plans. These would be produced by relevant Executive Directors and approved by the ELT and the HES Board as part of the corporate plan and AOP cycle. Staffed by cross-directorate teams, Delivery Plans would include rolling development programmes for key strategic assets, for example Edinburgh, Stirling and Urquhart Castles and Glasgow Cathedral.