



ANNUAL OPERATING PLAN 2023-24

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FOREWORD

The past few years have seen major changes take place at local, national, and international level driven by a combination of events. We are seeing challenges from high inflation and supply chain disruptions, the international impact of the War in Ukraine and the ongoing effects of the COVID-19 pandemic. Challenging times continue to face us all as economic uncertainty materialises into a cost crisis impacting service delivery and living standards. In addition the accelerating rate of climate change will continue for the foreseeable future.

We are determined to face these challenges head-on. Over the last year, we have worked with colleagues, partners, stakeholders and communities to set out a manifesto for releasing the potential of the historic environment. The new historic environment sector strategy *Our Past, Our Future* (OPOF), the successor to *Our Place in Time*, sets out a mission which calls out to everyone to help harness the power of the historic environment for the benefit of our society.

In this Annual Operating Plan we set out HES priorities for the coming year to support economic recovery, tackle ongoing challenges brought by COVID-19 and climate change and to deliver real public benefit. We seek to provide both clarity and flexibility in these times of uncertainty so benefits continue to flow from Scotland's historic environment, making our contribution to a fairer, greener Scotland.

This year is Year 2 of our refreshed *Corporate Plan 2022 Onwards Heritage For All* but, in reality, it is Year 5 of our journey to deliver our Corporate Plan outcomes which started in 2019-20. Many of the plans, programmes and strategies set in train last year will be further progressed in 2023-24 as delivery continues. This is the work immediately ahead of us as we continue to reimagine how we lead, deliver our services and support the historic environment sector to forge a new future.

In line with the timeframe of this Annual Operating Plan and the current Corporate Plan, as well as the publication of the new sector strategy, a new three-year Corporate Plan for the period 2025-28 will be commissioned for development in 2024-25.

WHO WE ARE

The historic environment is Scotland's story.

It belongs to all of us. It's part of our everyday lives. It shapes our identity. It tells us about the past, the present – and even points the way to the future.

We are a charity and public body leading the way in protecting, understanding and sharing Scotland's historic environment, for today and for the future.

We want the historic environment to make a real difference to all our lives: to our health, to our economy, to our culture, to our environment. We want heritage to involve everyone so that all can benefit.

THE DIFFERENCE WE MAKE

Through our role as lead body for the historic environment in Scotland, we work with our partners and stakeholders to ensure that the historic environment thrives and delivers economic and social benefits for the people of Scotland. Here are some examples of our valuable contribution to Scotland.

- We are at the forefront of investigating and researching the historic environment and addressing the impacts of climate change on its future.
- We help develop the knowledge, skills and materials Scotland needs to look after our heritage, particularly to respond to the changes in our climate and the impact it has on our heritage.
- We can make a strong contribution to a green recovery and a fairer, more sustainable economy through promoting the benefits of traditional forms of construction.
- We award millions of pounds each year to local communities to repair, revitalise and reuse their historic environment to foster social cohesion and a strong sense of place. For every £1 invested in 2022-23, projects we funded attracted a further £2.59 in additional investment.
- We enable change to our most significant heritage assets while providing the protection they need through designations and consents, ensuring this resource is available for generations to come.
- We support the conservation and reuse of the historic environment in Scotland by providing advice and technical expertise.
- We seek to grow understanding of our historic assets, the benefits they bring and the diverse stories that make up our shared histories.
- We enhance wellbeing and learning by providing access to Scotland's history and heritage through site visits and digital experiences.
- We look after over 300 sites of national importance, over 42,000 objects in the collections and five million items in our archives on behalf of the people of Scotland.
- We run visitor attractions at the properties in our care to support Scottish tourism and generate income for our activities.
- In every aspect of our work, we strive to follow our five organisational values – we are collaborative, professional, innovative, open, and respectful.

WHAT WE WANT TO ACHIEVE

Our vision is that:

“The historic environment is cherished, understood, shared and enjoyed with pride, by everyone.”

Our Corporate Plan was refreshed for 2022, following a light-touch review. Our *Corporate Plan 2022 Onwards*, retains the five outcomes set out in *Heritage for All* that will help us work towards this vision:

- 1. The historic environment makes a real difference to people’s lives**
- 2. The historic environment is looked after, protected and managed for the generations to come**
- 3. The historic environment makes a broader contribution to the economy of Scotland and its people**
- 4. The historic environment inspires a creative and vibrant Scotland**
- 5. The historic environment is cared for and championed by a high-performing organisation**

These are long-term, aspirational outcomes, towards which we set annual indicators of progress, and it will take a number of years to make a difference.

The focus for the Annual Operating Plan is on the activity which will deliver significant shifts in terms of our outcome delivery. It builds on the progress we have made over the previous years of *Heritage for All*, working together across the organisation, the historic environment sector and beyond. This plan is supported by a wide range of functions which we undertake as part of our day-to-day operations and which is reflected in Directorate and Team Plans and our regional structure, which brings us closer to the communities we serve.

Here we have set out detailed plans for 2023-24 and an indication of future trajectory. The plan is built on strong foundations and is flexible enough to respond to changes and challenges in the operating environment providing a cornerstone of organisational resilience.

How we measure success

Our Corporate Plan sets out ten Key Performance Indicators (KPIs), which we have retained from the first *Heritage for All*. We will use these KPIs to measure our success in achieving our outcomes.

Achievement of these KPIs will be measured against the success criteria set out in the tables throughout this Annual Operating Plan and also an analysis of contextual data and case studies.

Our progress so far

Good progress has been made towards our *Heritage for All* outcomes, particularly considering the challenges everyone is facing. KPI status has been used to help determine the priority Indicators for 2023-24 focusing in particular on KPIs 1 (Wellbeing), 4 (Resilience) and 6 (Economic contribution).

Sharing our results

Progress towards delivery is reported to our Executive Leadership Team (ELT) and HES Board every quarter throughout the year and risks to delivery systematically identified and managed. Results are published in our *Annual Report and Financial Statements*.

Data relating to equalities, health and safety, sickness absence, staff training, supplier payment, and greenhouse gas emissions are also reported in our *Annual Report and Financial Statements*.

We also publish a range of more detailed performance reports: *Annual Performance Report*, *Properties in Care of Scottish Ministers Annual Report*, *Planning Performance Report*, *Annual Procurement Report* and performance reports related to the national strategy for the historic environment.

Our reports are supported by a strong framework of controls, including use of peer review, which helps to validate our performance and grow trust and confidence in our organisation.

CHALLENGING TIMES: ECONOMIC UNCERTAINTY, THE COST CRISIS AND PRIORITIES FOR 2023-24

The UK economy still faces a very challenging outlook though the severity of forecasts has lessened in recent months. At the time of writing, Scotland's economy is forecast to contract in 2023 and remain static the following year. The cost of borrowing is increasing and inflation is still high, increasing materials, energy and labour costs across supply chains. All of this impacts public sector funding and services, the operating costs of all organisations and money in people's pockets, with domestic consumers reducing expenditure on non-essentials.

In addition, the COVID-19 pandemic has left a lasting impact on many people and organisations. Together with the war in Ukraine and the climate emergency, we are all confronted with a challenging set of circumstances. The reality is that many organisations and businesses will be focused in the year ahead on the immediate challenges of survival and recovery.

All of this uncertainty has an impact on the plans we are able to set out for the year. Our fixed costs have increased by £5-6 million as a result of inflation and public sector funding is under pressure. While commercial income, which was almost completely wiped out in 2020-21, is recovering, reducing disposable income means we can't assume that the visitor market will return to pre-pandemic levels in 2023-24.

With the tight outlook for programme expenditure, the time, skills and energy of our people and partners are more important than ever before in delivering our outcomes while labour market conditions make attracting and retaining people a key area of focus. With similar pressures across the sector, including for asset owners, grant recipients and specialist suppliers, we are likely to see an increase in demand for additional support.

Our response is to acknowledge and understand the real challenges and difficult choices we face, to set out a unifying vision and clear priorities through the new sector strategy, to harness collective effort to common purpose and to be agile in our delivery.

We will continue transforming the way we work to improve the quality and efficiency of our services including building on the lessons of the last few years and the acceleration to further integrate digital technologies across the organisation to fundamentally transform how we operate.

In the face of uncertainty, we will strive to provide continuity of our services, offer reassurance and support where it's needed most and promote the potential of the historic environment to help chart a course through recovery to a brighter future.

Supporting delivery of Scotland's priorities

Across all our work, the outcomes-based approach set out in this plan will channel our efforts, in partnership with others, to ensure we deliver the best possible results with the resources we have available, supporting the national outcomes and Scottish Government's purpose:

“To focus on creating a more successful country with opportunities for all of Scotland to flourish through increased wellbeing and sustainable and inclusive economic growth”

To 2026 the Scottish Government will be focusing resource on three particular missions:

- o Equality: Tackling poverty and protecting people from harm
- o Opportunity: A fair, green and growing economy
- o Community: Prioritising our public services

We make a strong contribution to the Scottish Government's priorities. The revitalisation of our towns and cities through the adaptation of historic properties will support job creation, skills development and the transition to net zero which in turn will support long-term structural shifts out of poverty. In addition we have long made a strong contribution to achieving sustainable public services, from our inception in 2015 simplifying the public bodies landscape, to revenue raising and digital transformation.

Our work is also guided by and makes a significant contribution to key national strategies such as *Delivering Economic Prosperity: Scotland's National Strategy for Economic Transformation* and *National Planning Framework 4*.

Our priorities

Based on the Scottish Government missions above and our current operating context the six priorities we set out in 2022-23 remain relevant and will continue to be the focus for the remainder of the Corporate Plan period to 2025:

Wellbeing,
Inequality
& Access

Managing
Heritage
Assets

Net
Zero

Stronger,
Fairer,
Greener
Economy

Sector
Recovery

Building
HES

Our people remain at the very heart of everything we do in HES and while the priorities set out in this plan seek to drive progress, we do not underestimate the impact that the pandemic, the cost crisis and the war in Ukraine has had on us.

Over the coming years we will continue to invest in our people through our People Strategy, optimising our culture so people feel supported, included, and enabled within a safe environment where wellbeing is part of everyday conversation.

This plan is therefore based on pragmatic prioritisation with our people's mental, physical, and economic wellbeing at its core.

CHALLENGES AND OPPORTUNITIES

With each of these priorities there are challenges and opportunities to forge a new future.

Priorities	Challenges and Opportunities
Wellbeing, Inequality & Access	The pandemic and the cost crisis have highlighted disparity in outcomes and deepening inequality across society. Our historic environment is spread throughout Scotland and along with our partners, can play its part to address inequalities and support the wellbeing of local communities.
Managing Heritage Assets	Our key challenge and priority is addressing findings of the high-level inspection programme at Properties in our Care (PIC) and opening sites when it is safe to do so. Our PiC Strategy will enable us to prioritise investment in PICs, demonstrating good practice in making difficult choices. The archives and collections in our care also need attention to ensure they are cared for now and for the generations to come.
Net Zero	The International Panel on Climate Change warned in April 2022 that it is “now or never” to limit global warming. Urgent and collective effort is needed to mitigate and adapt to the effects of climate change. Our historic environment can make a vital contribution to Scotland’s transition to net zero and a climate resilient society.
Stronger, Fairer, Greener Economy	There is huge potential for our historic environment to enable economic recovery. From responsible tourism to the adaptation of historic buildings, the historic environment will provide opportunities for the creation of high-quality green jobs and skills development. <i>National Planning Framework 4</i> will set out national planning policies, guide spatial development and highlight regional spatial priorities into the future. However, inflation, ongoing supply chain disruption and difficulties in sourcing materials pose real challenges for the year ahead.
Sector Recovery	The care and maintenance of our historic environment depends on local materials, traditional skills and the work of many heritage organisations. Their source is often small businesses and voluntary groups, many of whom have been adversely affected by the pandemic, not least through significant reduction in income, the UK’s departure from the European Union, and the economic challenges facing the country. Supporting the resilience of our partners is a crucial element of the new sector strategy.
Building HES	Our regional structure, along with the digital transformation of our services and support for our people, will provide a stronger customer and community focus. This will foster more collaborative working and creating an organisation where all our colleagues want to work, with opportunities to develop and progress. Wellbeing and support for our colleagues will continue to be at the forefront of our priorities.

The following sections provide more detail on how we will support the historic environment and work to achieve *Heritage for All* outcomes during 2023-24.

HERITAGE AND SOCIETY

1. THE HISTORIC ENVIRONMENT MAKES A REAL DIFFERENCE TO PEOPLE'S LIVES

WHY IT MATTERS

The historic environment has the power to change lives for the better – to help us live happier and healthier lives, to build the wealth and wellbeing of our communities, and to speak to the diversity of our nation. To maximise the benefits that the historic environment creates for people and places, we must widen opportunities for everyone to see it, connect with it, understand it and explore it. To shape what we mean by heritage, and to have an opportunity to help safeguard it for the future.

We also want to ensure that our historic environment is truly representative of Scotland. Not just where we've come from, but who we are as a nation today and where we want to be in the future. We recognise that not everyone is represented as they should be in our heritage, and we need to change this to ensure that the benefits it brings are there for all and felt by all.

OUR CORPORATE PLAN PRIORITIES

Create heritage without boundaries - widening opportunities for everyone to understand, enjoy and connect with the historic environment, making it a part of our everyday lives.	Use the historic environment to empower and enable Scotland's communities - demonstrating the crucial role that heritage can play in building the wealth of local places.	Use, champion and promote diverse and inclusive heritage - working together with communities so that everyone can see themselves in the historic environment and the stories we tell about it.	Promote the wellbeing benefits of the historic environment - harnessing its potential to offer spaces for living, recreation, reflection and entertainment.
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OUR PROGRESS SO FAR

Good progress has been made towards this outcome. More attention, however, is needed on KPI 1 (Wellbeing) where mental, physical, and economic wellbeing continues to be the focus of recovery from the COVID-19 pandemic and tackling the continued economic uncertainty. We must continue to perform to maintain the high standards achieved for KPI 2 (Engagement) and KPI 3 (Placemaking).

OUR PRIORITIES FOR 2023-25

Our focus for the 2023-25 period will be:

Wellbeing - wellbeing continues to be a national priority and is at the heart of Scotland's *National Performance Framework*. The Office for National Statistics reports that measures of personal wellbeing continue to remain below pre-pandemic levels, showing long-term deterioration in personal wellbeing in the UK. Mental, physical, and economic wellbeing therefore continue to be a significant area of focus as local communities, families and individuals seek further support and guidance. The historic environment provides opportunities to boost the wellbeing of communities and individuals, enabling access to moments of tranquillity but also by bringing communities together through a shared history and local stories. Our regional model means we are now even better positioned to listen to, enable and partner with communities all across Scotland.

Inequality and access - we are committed to improving access to, and widening participation in, Scotland's historic environment, and there are many examples of how we work with a range of partners to deliver activities that seek to reduce inequalities. We plan to improve and strengthen our approach, putting the needs and expectations of diverse groups at the heart of our service delivery and shining a light on more hidden histories in order to widen participation, engagement, and involvement in the historic environment.

WHAT WE WILL DO IN 2023-24:

<p>KPI 1: Increase wellbeing from Scotland's historic environment</p> <p>What success will look like:</p> <ul style="list-style-type: none"> Increased the percentage of people who self-report benefit from the historic environment Evidence of increased impact on wellbeing such as health, happiness and satisfaction with life 	
<p>Priority 2023-24: Wellbeing, Inequality and Access</p>	
<p>Deliverables for 2023-24</p>	<p>What Success Will Look Like</p>
<p>Wellbeing</p> <p>1.1 Shared established wellbeing benefits of the historic environment, specifically targeting those groups who could benefit most</p>	<p>Increased from 19,200 in 2022-23 the number of people from Scotland's 20% most deprived areas engaged with HES for the first time through both volunteering and PIC visits by 31 March 2024</p>
<p>KPI 2: Increase engagement with Scotland's historic environment</p> <p>What success will look like:</p> <ul style="list-style-type: none"> Increased the numbers and diversity of people who engage with the historic environment Increased the range and accessibility of channels for engaging with the historic environment 	
<p>Priority 2023-24: Wellbeing, Inequality and Access</p>	
<p>Deliverables for 2023-24</p>	<p>What Success Will Look Like</p>
<p>Equalities</p> <p>1.2 Implemented our <i>Equality Outcomes Action Plan 2021-25</i>, which incorporates ambitions on our society, our services and our people</p>	<p>Delivered 60% or more of the 2023-24 high-level planned actions in the <i>Equality Outcomes Action Plan</i> by 31 March 2024</p>
<p>Young People</p> <p>1.3 Involved young people in decision-making and co-creation of services, including digital, guided by the HES Youth Forum</p>	<p>Embedded the <i>Youth Action Plan</i> within the organisation with owners and timescales identified and action underway by 31 March 2024</p>
<p>Heritage Hub</p> <p>1.4 Improved digital access to information on the historic environment as part of our long-term strategy for our digital information, archives and collections</p>	<p>The Heritage Hub has passed the Alpha and Beta Digital Scotland Service Standard (DSSS) audits and development is underway by 31 March 2024</p>
<p>KPI 3: Enhance communities' use of their heritage in placemaking</p> <p>What success will look like:</p> <ul style="list-style-type: none"> Evidence that more communities are using the historic environment in their placemaking activities The historic environment is increasingly integrated into local, city and regional placemaking 	
<p>Priority 2023-24: Wellbeing, Inequality and Access</p>	
<p>Deliverables for 2023-24</p>	<p>What Success Will Look Like</p>
<p>Communities</p> <p>1.5 Worked with key partners to develop our community strategic framework through a place-based approach to help communities understand, promote and develop the benefits of their heritage</p>	<p>Published our community strategic framework by 31 March 2024</p>

HERITAGE AND THE ENVIRONMENT

2. THE HISTORIC ENVIRONMENT IS LOOKED AFTER, PROTECTED AND MANAGED FOR THE GENERATIONS TO COME

WHY IT MATTERS

From buildings and archive collections to traditions, stories and even ways of life, the historic environment is always changing. Things will be lost – through decay, erosion, fire, neglect or, simply, just by slipping from memory. It is only by looking for ways to reuse and adapt our heritage that the historic environment will not just be conserved – but alive and thriving, for generations to come.

Climate change poses perhaps an even greater threat. Achieving Scotland’s goal of net zero carbon emissions by 2045 requires us to transform the way that we and the sector work. What we buy and sell, how visitors travel to our sites, and how we perform our everyday functions all need to evolve to make us more sustainable.

However, many of the buildings that make up our towns and cities have stood the test of time, by changing use and embracing new technologies and they stand ready to help us now. With the principles of sustainability at the heart of the historic environment and the skills and expertise of the sector, we believe that Scotland’s past can help us to build a greener future.

OUR CORPORATE PLAN PRIORITIES

Respond to the challenges of climate change – working with the sector to put the historic environment at the forefront of Scotland’s transition to net zero.	Drive research and innovation in caring for our heritage – growing and championing the knowledge needed to protect and promote the historic environment, and sharing this through interpretation, engagement, and education.	Look after the historic environment assets in our care – managing the long-term future of the properties, sites, collections and archives we look after to deliver real benefits for the people of Scotland.	Champion the maintenance and reuse of the historic environment – working with people, communities, government and developers to enable change that keeps this sustainable resource in use.
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OUR PROGRESS SO FAR

We worked hard over the last few years and good progress was made towards KPI 5 (Climate change) goals. However, a slower COVID-19 recovery, rising inflation, and disrupted supply chains have resulted in slower progress on KPI 4 (Strengthening resilience). More focus is therefore needed for KPI 4 for the period 2023-2025.

OUR PRIORITIES FOR 2023-25

Our focus for the 2023-25 period will be:

Managing Heritage Assets – a key challenge which continues to face the historic environment across the UK is deterioration of high-level masonry at historic sites as a result of climate change and other factors. Addressing these challenges and understanding and mitigating the impacts on surrounding communities, sharing our learning and benefitting from the experience of others will continue to be a key priority.

As we complete inspections at sites we will re-open or enhance access for visitors when it is safe to do so and develop programmes of work where more significant repairs are needed. However, with the scale of investment likely to be required and the challenges presented by materials costs, availability of funding and supply chain disruption, pragmatic choices are needed. This means that some sites may remain closed.

These decisions will be directed by inspection findings and our PIC strategy which balances national and community economic, social and cultural benefits and we intend to engage widely on this. The strategy will be complemented by a 4-year programme of work for the properties in our care which incorporates conservation and maintenance, climate adaptation and services for visitors.

We will also embark on plans for the development of key sites starting with Edinburgh Castle, a core element of Scotland's heritage and identity, the commercial success of which contributes to the conservation of Scotland's wider historic environment.

More broadly, we will continue to enhance the care and management of collections associated with the properties in our care and improve the storage conditions of our archives.

Net Zero – with traditionally constructed buildings comprising a significant percentage of Scotland's housing stock, retail space, office space and space used by the public sector, Scotland's net zero target cannot be achieved without our traditional infrastructure. Adaptation, maximising the useful life of our historic assets to be climate resilient, taking a fabric-first approach, are at the forefront of our plans.

WHAT WE WILL DO IN 2023-24:

<p>KPI 4: Strengthen the resilience of Scotland's historic environment</p> <p>What success will look like:</p> <ul style="list-style-type: none"> Improved prioritisation of investment in the historic environment according to need Evidence that the historic environment is being appropriately managed to enable viable use or reuse 	
<p>Priority 2023-24: Managing Heritage Assets</p>	
<p>Deliverables for 2023-24</p>	<p>What Success Will Look Like</p>
<p>High-Level Masonry</p> <p>2.1 Identified the level of high-level fabric risk, required repairs and mitigation measures at our properties in care (PICs), and improved access to sites where possible</p>	<p>Completed remaining site inspections, concluding all 70 identified under the high-level masonry programme where access restrictions are currently in place, and opened or partially opened those sites where possible by 31 March 2024</p>
<p>PIC Strategy</p> <p>2.2 Engaged on the application of our long-term strategy for the properties in our care (PIC) including proposals for the sustainable management and operation of the assets, supporting prioritisation for decision-making and investment, and delivery of benefits to people now and for generations to come</p>	<ul style="list-style-type: none"> Delivered consultation and engagement on our long-term strategy for the PICs Started application of the values assessment framework on the PICs by 31 March 2024
<p>Collections</p> <p>2.3 Enhanced the care and management of collections associated with the properties in our care in line with the Scheme of Delegation</p>	<ul style="list-style-type: none"> Completed the safe inclusion of the Stone of Destiny and Honours of Scotland in events planned for the coronation of King Charles III by 31 July 2023 Delivered 70% or more of Year 2 project targets for Government Indemnity Scheme (GIS) project and Collections Inventory project by 31 March 2024
<p>Archive House</p> <p>2.4 Improved the storage conditions of the archives in our care</p>	<p>Completed RIBA Stage 4 (Technical Design) by 31 March 2024</p>
<p>Research</p> <p>2.5 Implemented our multi-partner <i>Research Strategy 2023-28</i>, focusing on research to support our work around climate change, tackling inequality, and driving innovation</p>	<p>Delivered, or on track to deliver, 20% or more of the multi-partner <i>Research Strategy 2023-28</i> actions by 31 March 2024</p>
<p>KPI 5: Increasingly lead the sector in climate change action</p> <p>What success will look like:</p> <ul style="list-style-type: none"> Reduced our own greenhouse gas emissions and evidence of reducing emissions in the wider historic environment sector Evidence that more of the historic environment sector is able to adapt to the effects of climate change 	
<p>Priority 2023-24: Net Zero</p>	
<p>Deliverables for 2023-24</p>	<p>What Success Will Look Like</p>
<p>HES Emissions</p> <p>2.6 Delivered greenhouse gas (GHG) emission reductions identified in our <i>Carbon Management Plan</i></p>	<p>Responsible for no more than 4,413 tonnes of GHG emissions (tCO₂e) from sources within our organisational boundary by 31 March 2024</p>
<p>Climate Change Adaptation</p> <p>2.7 Continued to implement our ambitious <i>Climate Action Plan (CAP)</i> to support the green recovery and to promote the value and knowledge of the heritage sector in supporting a transition to a low carbon economy</p>	<p>Progressed delivery of our <i>Climate Action Plan (CAP)</i> to 80% of actions delivered or on track by 31 March 2024 (Year 4 of 5) from 71% in 2022-23</p>

HERITAGE AND THE ECONOMY

3. THE HISTORIC ENVIRONMENT MAKES A BROADER CONTRIBUTION TO THE ECONOMY OF SCOTLAND AND ITS PEOPLE

WHY IT MATTERS

Heritage is important to every part of our country. Our historic environment creates jobs and brings in hundreds of millions of pounds to our economy. It attracts millions of visitors to Scotland each year, to every part of our country. It is a valuable, long-lasting and sustainable resource that can contribute to renewal and regeneration.

The historic environment creates new careers using old skills and old materials. It limits waste and makes efficient use of Scotland's natural resources. It injects real money into villages, towns and cities across the country to protect, repair and revitalise our homes, offices, and shops.

We want to invest in, look after, and celebrate our heritage and the role it can play in building a fairer future. By encouraging enterprise, investment, and development in our historic environment we will make Scotland a more prosperous and equal nation.

OUR CORPORATE PLAN PRIORITIES

Promote responsible tourism	Encourage enterprise and investment in the historic environment	Enable sustainable change to the historic environment	Increase the availability and demand for traditional skills and materials
- working to make our historic sites outstanding attractions that tell Scotland's story, while respecting the needs of local communities, visitors, our cultural heritage itself.	- providing support through our own grant schemes and our role in the planning system, and working in partnership to enable more people and communities to benefit from local heritage.	- developing effective, evidence-led policy and guidance that protects our unique heritage while supporting the creation of new jobs and income-generating opportunities.	- showing how understanding, caring for and celebrating the historic environment adds value to the economy, providing attractive career opportunities, skilled employment and business growth.

OUR PROGRESS SO FAR

We worked hard over the last few years to support local and national economies. However, the COVID-19 pandemic has had a significant impact on the economy and the tourism, cultural and heritage sectors were disproportionately affected resulting in the economic benefits from Scotland's historic environment falling over recent years.

While recovery in the tourism, cultural and heritage sectors continues, due to the current economic context the future path remains uncertain. However, the historic environment is one of the most important, valuable, and sustainable things Scotland has to offer. Built on principles of sustainability our heritage assets have a clear role to play in creating a stronger, fairer, greener economy. For that reason, we are prioritising activity to support Outcome 3 and KPI 6 (Economic benefits) over the 2023-25 period.

OUR PRIORITIES FOR 2023-25

Our focus for the 2023-25 period will be:

A stronger, fairer, greener economy – there are stark challenges ahead. Inflation is at its highest point in almost 40 years, real incomes are reducing and Scotland's economy is forecast to contract this year. Those who can afford it least will be impacted the most.

However, there is huge potential for our historic environment to support a stronger, fairer, greener economy. As we transition to a low carbon economy and as use of our town and city centres changes, the adaptation of historic buildings will provide high-quality green jobs and skills development opportunities. This is supported by our enabling role in the planning system, guided by *National Planning Framework 4* when it comes into force, and our strategic partnerships with economic development agencies and Growth Deals.

We are the largest operator of paid-for visitor attractions in the country and heritage, led by the properties in our care, is a main contributor to tourism: a priority in *Delivering Economic Prosperity: Scotland's National Strategy for Economic Transformation*. The sector provides jobs in remote and rural areas where few alternative opportunities exist. The shift to sustainable tourism, directed by our *Responsible Tourism Framework*, will create the new jobs of the future and develop thinking to reduce our carbon dependency and the resource intensity of our operations. We don't have all the answers but with a framework in place and working together with communities, partners, and colleagues, there is much we can do while continuing to provide exceptional visitor experiences.

Sector recovery - our grant programmes act as a catalyst for investment in local areas contributing to the development of vibrant and sustainable places across Scotland through community-led regeneration of the historic environment bringing a wide range of benefits. This investment promotes sector recovery through stimulating historic environment supply chains and increasing the quality and availability of historic environment skills and we are increasing our investment this year.

Our Sustainable Procurement Strategy also contributes to jobs and growth, encouraging innovation, boosting training and apprenticeship opportunities, and helping small and medium enterprises, third sector organisations and supported businesses to compete effectively for contracts. In addition, our skills development work, including through the *Skills Investment Plan for Scotland's Historic Environment Sector*, aims to address a range of skills gaps from traditional skills to professional skills such as leadership and management, ICT and digital that are crucial to the recovery of the sector and to the development of the economy of the future.

WHAT WE WILL DO IN 2023-24

<p>KPI 6: Increase economic benefits from Scotland’s historic environment What success will look like:</p> <ul style="list-style-type: none"> • Increased the amount generated for Scotland’s national and regional economies from the historic environment • The historic environment provides a greater range of opportunities for local economic activity 	
<p>Priorities 2023-24: Stronger, Fairer, Greener Economy and Sector Recovery</p>	
Deliverables for 2023-24	What Success Will Look Like
<p>Casework 3.1 Dealt with regulatory activities, consultations and decisions within stated timescales</p>	<p>Maintained delivery at 90% or more dealt with within stated timescales during 2023-24</p>
<p>Growth Deals 3.2 Promoted the contribution of the historic environment and the sector in national and regional economic planning and investment strategies</p>	<p>Deepened engagement and identified opportunities of agreed mutual benefit in at least 5 existing Local Authority and Economic Agency Growth Deal areas by 31 March 2024</p>
<p>Tourism Impact 3.3 Increased the number of visits to our sites, benefitting local tourism economies</p>	<p>- Increased the number of visits to our sites from 3.3 million in 2022-23 to over 3.7 million by 31 March 2024 - Increased the direct and indirect contribution to local tourism economies from £640 million in 2022-23 to £730 million by 31 March 2024</p>
<p>Visitor Experience 3.4 Provided high quality visitor experiences at our sites as the largest operator of paid visitor attractions in Scotland, including providing innovative experiences at our sites affected by high-level masonry access restrictions</p>	<p>Maintained or improved visitor overall enjoyment scores from our fully open sites at or better than 8.9 in 2022-23 by 31 March 2024</p>
<p>Grants 3.5 Used our grant programmes to attract investment into local economies across Scotland</p>	<p>Invested at least £13.5 million in local economies through our grant schemes in 2023-24, taking the total invested since 2019 to £65.8 million</p>
<p>Procurement 3.6 Delivered Year 2 of our <i>Sustainable Procurement Strategy 2022-26</i> to achieve value for money, benefits to HES, society and the economy of Scotland, whilst minimising damage to the environment</p>	<p>Maintained spend with Scottish suppliers at 2022-23 levels of £30 million with a cumulative total since 2019-20 of £135 million</p>
<p>Skills 3.7 Worked with partners to review and refresh the <i>Historic Environment Skills Investment Plan</i></p>	<p>Reviewed and published a new, multi-partner sector <i>Historic Environment Skills Investment Plan</i> by 31 March 2024</p>

HERITAGE AND CREATIVITY

4. THE HISTORIC ENVIRONMENT INSPIRES A CREATIVE AND VIBRANT SCOTLAND

WHY IT MATTERS

The historic environment is the story of Scotland. It is not just one story, it is everyone's stories put together. Every single one of us – every single one of our stories – is a living, vital part of this bigger story.

Celebrating and sharing these stories is just as important as maintaining the places they relate to. The traditions, songs, and customs that connect people to places bring the physical traces of the past to life. Whether new or old they, and the languages and the means through which they are told, provide meaning and enrichment to heritage in Scotland. Without them, our historic environment would be so much poorer.

We want people of all ages to have opportunities to engage with, and learn from, Scotland's heritage: whether that's a chance to pass on wisdom and stories based on a life's work in a local place; a chance to use the past to shape a child's future; or the opportunity to deliver innovative building design using traditional methods of construction. But engaging people of all backgrounds with the historic environment requires us to be creative in our practice. We need to constantly seek new, immersive, and engaging ways to help learners, visitors, and the casually curious to find, explore, and use their historic environment.

OUR CORPORATE PLAN PRIORITIES

Safeguard and celebrate the intangible elements of our historic environment – ensuring that its meanings, values, and traditions are recognised and shared as widely as possible.	Promote the historic environment as a key resource for creative inspiration – working with people to explore and celebrate heritage, and developing new partnerships between the historic environment and the creative economy.	Use the historic environment to enrich education and learning – promoting the value and importance of our heritage at all levels of learning, and finding new ways to engage our audiences.	Share our heritage with the world – developing innovative and creative international partnerships by opening up our historic environment to a global audience and exploring its worldwide impact and legacy.
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OUR PROGRESS SO FAR

We made good progress over the last few years and we aim to maintain that level of performance for the period of 2023-25 across KPI 7 (Inspire creativity and innovation) and KPI 8 (International recognition).

OUR PRIORITIES FOR 2023-25

Our focus for the 2023-25 period will be:

Wellbeing, inequality and access – we have seen over the last two years the potential of the historic environment to support learning and creativity within a digital environment. We will use innovative, flexible, and inclusive approaches to increase participation and support positive destinations for our learners reducing inequalities, increasing access, and improving wellbeing. We will build on the lessons learned from Scotland’s Year of Stories 2022 to continue the rediscovery of Scotland’s stories and by celebrating those of marginalised communities and people who shaped Scotland’s history. From our learning services to Gaelic language provision, intangible cultural heritage to internationally recognised world heritage our regional structure sets us up for more meaningful cultural engagement at a local level where its impact matters most.

Managing heritage assets - our knowledge, expertise and experience in conservation, heritage tourism, research, technical science, data, and adaptation of historic buildings has huge potential to inform management of the historic environment, and how heritage can be used to support a green recovery and a wellbeing economy, around the world.

WHAT WE WILL DO IN 2023-24:

<p>KPI 7: Increasingly inspire creativity and innovation What success will look like:</p> <ul style="list-style-type: none"> Increased use of the historic environment for creative inspiration, events and activities Evidence that our work is safeguarding intangible cultural heritage in Scotland 	
<p>Priority 2023-24: Wellbeing, Inequality and Access</p>	
<p>Deliverables for 2023-24</p>	<p>What Success Will Look Like</p>
<p>Learning 4.1 Engaged learners with heritage through a blended offer of site visits, partnership projects, digital content and participative activities; to include projects specifically targeted at priority audiences of schools, youth work and Community Learning and Development</p>	<p>Engaged over 40,000 learners and delivered 5 projects targeting priority audiences by 31 March 2024</p>
<p>Gaelic 4.2 Developed our new <i>Gaelic Language Plan</i></p>	<p>Submitted our <i>Gaelic Language Plan</i> for approval to Bòrd na Gàidhlig by 06 June 2023</p>
<p>Intangible Heritage 4.3 Implemented Year 2 of our multi-partner <i>Intangible Cultural Heritage Action Plan</i>, with a focus on building the capacity of communities to safeguard their intangible culture</p>	<p>Delivered 60% of actions planned for 2023-24 by 31 March 2024</p>
<p>KPI 8: Increase international recognition of the quality of Scotland’s historic environment What success will look like:</p> <ul style="list-style-type: none"> Scotland’s international reputation for being rich in historic buildings and sites remains strong Our expertise is increasingly sought after internationally 	
<p>Priority 2023-24: Managing Heritage Assets</p>	
<p>Deliverables for 2023-24</p>	<p>What Success Will Look Like</p>
<p>International Strategy 4.4 Worked with key partners to review our International Strategy to determine priorities and resources to support Scotland’s international aims</p>	<p>International Strategy reviewed and approved by ELT by 31 March 2024</p>

HERITAGE AND US

5. THE HISTORIC ENVIRONMENT IS CARED FOR AND CHAMPIONED BY A HIGH PERFORMING ORGANISATION

WHY IT MATTERS

Scotland's historic environment is outstanding and it is our aim to be outstanding too. We want to be seen as a world-leading heritage organisation – with our expertise in demand nationally and internationally, and the ways we work recognised as examples of how to do it right. We will always aspire to be the best across all aspects of what we do – driving innovation and enterprise, but always in the service of value for money as a public body.

As the lead public body for the historic environment in Scotland how we act, how we communicate, how we build relationships and how we spend money impacts on how everyone sees and understands our national heritage.

We have a duty to Scotland to be an open, collaborative and effective organisation, and we need to promote diversity and tackle inequality within heritage, to ensure that all groups and communities are represented. The behaviours we exhibit – to our customers, stakeholders, communities, and to each other – will demonstrate our commitment to excellent service. By empowering our colleagues and providing them with the structures and tools to help them flourish, we will enable them to create real change and lasting outcomes.

OUR CORPORATE PLAN PRIORITIES

Lead and enable the historic environment sector	Invest in our people	Embrace new ways of working	Demonstrate sustainability in a changing environment
- working together, building productive new partnerships, and acting as a catalyst to address key challenges to meet the needs of people around the historic environment.	- nurturing the behaviours that will enable leadership and creativity at all levels, striving to be an 'employer of choice' and creating a safe and welcoming workplace that promotes equality and diversity.	- responding to emerging opportunities and challenges while making the best use of our people and resources.	- actively prioritising our resources to deliver our outcomes, seeking new ways to support our work in financially challenging times, and working to mitigate and adapt to climate change.

OUR PROGRESS SO FAR

We made good progress over the last few years and aim to maintain that level of performance for the period 2023-25. There are huge challenges facing our sector, and it is vital that we adapt to meet them. We therefore seek to maintain our performance for KPI 9 (Grow trust and confidence) in HES whilst focusing more on achieving KPI 10 (Enhance the sustainability of HES) in the coming years.

PRIORITIES FOR 2023-25

Our focus for the 2023-25 period will be:

Sector recovery - in April 2023 we completed the new sector strategy *Our Past, Our Future*, successor to *Our Place in Time*. The strategy, borne of a year-long collaboration with organisations across the sector and beyond, sets out medium-term priorities to harness the power of the historic environment for the benefit of society. As the lead public body for the historic environment in Scotland, we are continuing to provide a range of support in light of the impacts of the pandemic, high inflation, the cost crisis, and the geopolitical situation. We are also making the most of opportunities provided by our new regional structure to join forces with partners to improve services for local communities. Equally as important as addressing the immediate challenges before us is creating the time and space over the coming years to work with partners and stakeholders to reimagine the future of our sector.

Building HES - we need to continue to balance our ambitions with an understanding of the operating context which our people and our organisation continue to face: rising inflation, the cost crisis, disrupted supply chains, climate change and the continued impact of the pandemic. We need to rebuild capacity, ensuring we have the right skills in the right place to deliver our services effectively and efficiently. We will continue to support our colleagues through our People Strategy, our Behaviours Framework and our work to prioritise the wellbeing of our people during these challenging times.

With the challenging context in which we continue to operate Public Bodies Reform is one of the Scottish Government's priorities for 2023-24. We have already made a strong contribution to this, simplifying the public bodies landscape through the creation of HES in 2015 and by using heritage assets to generate a significant level of commercial income. We are now revisiting our business model to strengthen our fiscal sustainability and are working hard to grow and diversify our funding sources through our marketing, fundraising, and ongoing commercial activity. This is complemented by our regional structure, which is bringing us closer to the communities we serve, partnership working to deliver the national strategy for the historic environment, smarter working and workforce projects such as strategic workforce planning, the pay and grading review and the 35-hour week pilot.

Digital transformation is also driving improvements in service delivery. We are already a digital-focused organisation, leading on many aspects of digital conservation, online engagement, education, events and interpretation. We look now to forge further ahead, capitalising on the digital capabilities and opportunities which accelerated as a result of the pandemic, moving at speed towards an approach which is digital-by-design.

WHAT WE WILL DO IN 2023-24:

<p>KPI 9: Grow trust and confidence in Historic Environment Scotland</p> <p>What success will look like:</p> <ul style="list-style-type: none"> • Improved our corporate reputation with stakeholders and the public • Increased the number and range of organisations seeking to partner with us 	
<p>Priority 2023-24: Sector Recovery</p>	
<p>Deliverables for 2023-24</p>	<p>What Success Will Look Like</p>
<p>National Strategy</p> <p>5.1 Worked with our partners to establish the delivery structure needed to achieve the mission and key performance indicators of <i>Our Past, Our Future</i></p>	<p>Established delivery mechanisms at national, regional and, where appropriate, local level</p>
<p>KPI 10: Enhance the sustainability of Historic Environment Scotland</p> <p>What success will look like:</p> <ul style="list-style-type: none"> • Increased the diversity of our income sources • Our people have the skills to deliver our strategic priorities 	
<p>Priority 2023-24: Building HES</p>	
<p>Deliverables for 2023-24</p>	<p>What Success Will Look Like</p>
<p>Financial Sustainability</p> <p>5.2 Improved our organisational resilience and financial sustainability</p>	<ul style="list-style-type: none"> - Action plan for taking forward business model recommendations approved by HES Board by 31 March 2024 - Redeveloped financial strategy, providing a clear and concise view of future sustainability, approved by HES Board by 31 March 2024
<p>Our People</p> <p>5.3 Delivered and Implemented Year 4 of our <i>People Strategy 2020-2025</i></p>	<ul style="list-style-type: none"> - Delivered 75% or more of Year 4 actions in our <i>People Strategy 2020-2025</i> by 31 March 2024 - Fully implemented and embedded our agreed approach to strategic workforce planning by 31 March 2024
<p>Transformation</p> <p>5.4 Continued to transform the way we work to ensure our operations deliver best value in line with the Public Bodies Reform agenda, including delivery of <i>HES-Digital</i></p>	<ul style="list-style-type: none"> - Established a Digital Transformation and Delivery Service through which digital innovation and user-centred design is embedded in HES by 31 March 2024 - Developed and started to implement a smarter working plan by 31 March 2024

RESOURCES

We are committed to achieving best value with our resources. Our budget is approved by our Board in order to deliver the aspirations of our Corporate Plan, this Annual Operating Plan and to fulfil our statutory obligations. Our objective is to be transparent about how we allocate resources in pursuit of our outcomes.

The impacts of the COVID-19 pandemic, the cost crisis, sustainable tourism, and inflation are themes at the forefront of our budgetary planning. Recovery of visitor numbers during 2022-23 was stronger than previously anticipated especially with overseas visitors. However, we are only at around 60% of pre-COVID-19 levels of visitors and as the economic picture worsens we can't assume the recovery in the visitor market will continue at that pace.

HES is in a unique position compared to that of other public bodies who are predominantly funded by grant-in-aid as we have a volatile income stream, which brings with it uncertainty of funding, and a largely fixed cost base. This volatility of income is inextricably linked to the tourism industry which remains difficult to assess in the current economic climate. Our response to uncertainty is to set out plans which are flexible to respond to changing circumstances while continuing to deliver for and with communities, partners and stakeholders.

Our Income and Expenditure for 2023-24

Income	£m	Expenditure	£m
Grant in aid (Resource)	59.7	Staffing	64.5
Grant in aid (Capital)	9.0	Operational Expenditure	35.3
Capital charges	4.0	Cost of sales	6.2
Gross commercial income	56.0	Grants	14.5
Other income	1.5	Capital charges	4.0
Total income	130.2	Investment	7.7
Designated Fund Release	2.0	Total Expenditure	132.2

Our Expenditure for 2023-24 Invested in Each Corporate Plan Outcome

We have allocated funding, excluding capital charges and costs of sales, to each of the Corporate Plan outcomes. The table below illustrates the primary outcome to which each funding stream has been allocated. Note that the scale of investment in each outcome is not necessarily a reflection of its importance. For example, considerable impact can be made towards outcomes 1 and 4 for relatively little investment.

Outcome	£m
Outcome 1 - Heritage and Society	2.5
Outcome 2 - Heritage and the Environment	47.1
Outcome 3 - Heritage and the Economy	46.3
Outcome 4 - Heritage and Creativity	2.3
Outcome 5 - Heritage and Us	23.8
Total Expenditure	122.0

Our Carbon Budget for 2023-24

In support of our work towards net zero, we are publishing the latest version of our carbon budget. This recognises that the cost of operations and the resources required to deliver our outcomes are measured not just in financial terms but also in emissions.

Greenhouse Gas Emission Source	Greenhouse Gas Emissions (tCO ₂ e)
Energy	3,584.1
Waste	137.5
Water	62.4
Business Travel	629.2
Total	4,413.2

At this time, our carbon budget comprises emissions directly linked to our operations. We are working to expand this to include supply chain emissions and visitor travel. We report our emissions at the end of each year in our Sustainability Report.

We also undertake strategic environmental assessments on every qualifying plan, programme and strategy, seeking to avoid adverse impacts and enhance positive environmental outcomes.

SUPPORTING GOVERNMENT OUTCOMES AND POLICIES

This Annual Operating Plan, our *Corporate Plan 2022 Onwards: Heritage for All* and policies and strategies within HES, are all informed by, and makes a contribution to, wider national strategies such as *Delivering Economic Prosperity: Scotland's National Strategy for Economic Transformation* and *National Planning Framework 4* amongst many others.

By working with our partners in the public, private and voluntary sectors to successfully achieve our five strategic outcomes, we enable the delivery of the Scottish Government's resource spending review priorities and contribute to the achievement of the following National Outcomes in the Scottish Government's *National Performance Framework*:

National Outcomes	The historic environment makes a real difference to people's lives	The historic environment is looked after, protected and managed for the generations to come	The historic environment makes a broader contribution to the economy of Scotland and its people	The historic environment inspires a creative and vibrant Scotland	The historic environment is cared for and championed by a high-performing organisation
We have a globally competitive, entrepreneurial, inclusive and sustainable economy		X	X	X	
We are open, connected and make a positive contribution internationally			X	X	X
We tackle poverty by sharing opportunities, wealth and power more equally	X		X		X
We live in communities that are inclusive, empowered, resilient and safe	X	X		X	
We grow up loved, safe and respected so that we realise our full potential	X				
We are well educated, skilled and able to contribute positively to society	X		X	X	
We have thriving and innovative businesses, with quality jobs and fair work for everyone		X	X	X	
We are healthy and active	X	X			X
We value, enjoy, protect and enhance our environment	X	X	X	X	
We are creative and our vibrant and diverse cultures are expressed and enjoyed widely	X			X	
We respect, protect and fulfil human rights and live free from discrimination				X	X

**We are the lead public body established
to investigate, care for and promote
Scotland's historic environment.**

**We want to make sure Scotland's heritage
is cherished, understood, shared and
enjoyed with pride by everyone.**



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