



ANNUAL OPERATING PLAN 2022-23

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FOREWORD

The period from 2019-2022 has seen major changes take place at local, national and international level driven by a combination of events, most notably COVID-19, the UK's departure from the European Union and most recently the war in Ukraine. Impacts from these events and the accelerating rate of climate change are likely to continue unfolding throughout 2022-23, and beyond.

HES, alongside our colleagues, partners, stakeholders, visitors, members, grant recipients, planning applicants and suppliers all continue to be affected by the events of the last two years. Adjustments have been made to processes in order to adapt, and our people and volunteers have also adjusted their ways of working. Nevertheless it has been a very challenging time for many, and the need to focus on our people and volunteer wellbeing remains a priority.

In this Annual Operating Plan, covering 2022-23, we set out our priorities to support recovery from COVID-19, and to deliver activities that bring real public benefit. As a sector, the historic environment is supporting efforts across Scotland to reduce the four harms of COVID-19¹. Making up much of Scotland's towns, cities and rural infrastructure, the historic environment is well-positioned to support the creation of a stronger, fairer, greener economy.

During 2021-22 we undertook a 'light touch' review of our Corporate Plan, *Heritage for All*, which covered the period from 2019-2022. The updated Corporate Plan continues with the same five outcomes, and this Annual Operating Plan builds on what we have achieved over the last three years and demonstrates how we will continue working towards outcome delivery during 2022-23. This year is therefore Year 1 of our refreshed Corporate Plan but, in reality, it is Year 4 of our journey to deliver our Corporate Plan outcomes. It sets out the work immediately ahead of us to continue to reimagine how we lead, deliver our services and support the historic environment sector to build back better.

At the time of writing, the war in Ukraine is ongoing. As this unfolds we'll continue to show our support and to take action to help colleagues involved in the protection of the cultural assets of Ukraine.

¹Direct and indirect health impacts, social impacts and economic impacts

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 2021-22, projects funded by HES attracted a further £4.77 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 41,000 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.

This Annual Operating Plan sets out activity which will drive the biggest impact towards the delivery of our five outcomes over the coming year. It is complemented 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.

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 has been 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 and it will take a number of years to make a difference, towards which we set annual indicators of progress.

This *Annual Operating Plan 2022-23* outlines the activities we will undertake which, alongside business as usual, deliver the biggest impact towards our outcomes. It builds on the progress we have made over the previous three years of *Heritage for All*, working together across the organisation and the sector.

This plan will need to be flexible to respond to ongoing challenges in the uncertain environment in which we’re all operating and draws strength from the lessons learned from our response to the pandemic, which are now embedded in governance and management structures, improving our resilience.

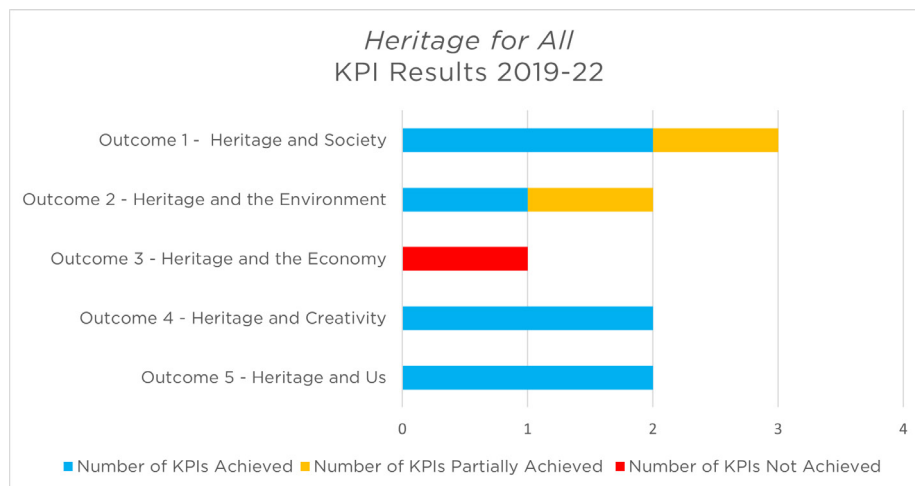
How we measure success

Our Corporate Plan sets out 10 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 indicators set out in the tables throughout this Annual Operating Plan and its predecessors, and also an analysis of contextual data and case studies.

Our progress so far

Over the last three years good progress has been made towards our *Heritage for All* outcomes, particularly considering the challenges everyone is facing as a result of the pandemic. Provisional KPI results for the period 2022-23 ²:



- **7 of the 10 KPIs have been Achieved:**
 - Outcome 1 – Heritage and Society: KPI 2 Engagement and KPI 3 Communities/Placemaking
 - Outcome 2 – Heritage and the Environment: KPI 5 Climate Change
 - Outcome 4 – Heritage and Creativity: KPI 7 Creativity and KPI 8 International
 - Outcome 5 – Heritage and Us: KPI 9 Reputation and KPI 10 HES Sustainability
- **2 of the 10 KPIs have been Partially Achieved:**
 - Outcome 1 – Heritage and Society: KPI 1 Wellbeing
 - Outcome 2 – Heritage and the Environment: KPI 4 Resilience
- **1 KPI (KPI 6) is Not Achieved:**
 - Outcome 3 – Heritage and the Economy: KPI 6 Economic Impact

KPI 1 (Wellbeing) and KPI 6 (Economic impact) were Partially Achieved and Not Achieved respectively due to the fall in population wellbeing and economic performance of the tourism sector during the pandemic.

KPI 4 (Resilience of the historic environment) was Partially Achieved. The complexity and timescales involved mean that it was always challenging to achieve impact over a three-year period. The pandemic also adversely impacted our works programmes and efforts to lead a cross-sector approach to the sustainable management of the historic environment. We also need to consider what Tier 1 inspection findings are telling us about the resilience of the historic environment.

KPI status has been used to help determine the priority Indicators for 2022-23 focusing in particular on KPIs 1, 4 and 6 which were not fully achieved as we moved into the new Corporate Plan period.

²Results reported here and throughout this plan are provisional at the time of publication based on forecasts as at 31 December 2021.

Sharing our results

Progress against the KPIs is reported to our Senior Management Team and HES Board every quarter throughout the year and risks to delivery systematically identified and managed. Results will be published in our *Annual Report and Financial Statements*.

Data relating to equalities, health & safety, sickness absence, staff training, supplier payment, greenhouse gas emissions and freedom of information performance will also be reported in our *Annual Report and Financial Statements*.

We also publish a range of more detailed performance reports: *Our Place in Time Annual Performance Report*, *Properties in Care of Scottish Ministers Annual Report*, *Planning Performance Report* and *Annual Procurement Report*.

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.

NEW CORPORATE AND PLAN PRIORITIES FOR 2022-23

This April we launched our refreshed *Corporate Plan 2022* onwards. The Plan recognises there are big challenges ahead that we will need to address. The COVID-19 pandemic has had a range of negative impacts on Scotland's historic environment sector and those will continue during 2022-23.

Along with a reduction in tourist numbers and associated spend, we have seen rising costs across supply chains, and severe pressure on public finances which are forecast to accelerate and to last. From surveys, workshops, and conversations with heritage organisations of all types, we know these impacts will continue to pose a risk to our sector over the next few years. We need to adapt to face new realities and prioritise our collective resources to achieve maximum impact. But we also need to do this at just the time that climate change is requiring effective and immediate action from us: not only to accelerate our move to net zero, but to adapt our historic environment assets to the changing climate.

The opportunities and challenges we face require us to be a flexible, adaptive organisation. Along with ensuring we have the right people and the right skills, we need to ensure that we have the right structures to support them, and join forces with key partners to deliver effective action. We will be embedding a more regional approach to delivery across our work over the coming years, which will help our sites and operations create stronger local impacts. We will also build upon the lessons of the last few years and embrace the possibilities that digital technology offers for engaging and reaching existing and new audiences and transforming our services.

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”

Over the next five years, the Scottish Government will be focusing resource towards three particular priorities:

- o Addressing climate change
- o Securing a stronger, fairer, greener economy
- o Supporting progress to meeting child poverty targets

We make a strong contribution to the Scottish Government's priorities on climate change and the economy. The revitalisation of our towns and cities through the reuse and retrofit of historic properties will support job creation, skills development and a move to a low-carbon future which in turn will support long-term structural shifts out of poverty.

Our priorities for 2022-23

Based on the Scottish Government focus above and the progress we have made over the previous Corporate Plan period, we have set out six priorities for 2022-23:

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 maintain progress, we do not underestimate the impact that COVID-19 has had on us.

Over the next year 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 wellbeing at its core.

CHALLENGES AND OPPORTUNITIES

With each of these priorities there are challenges and opportunities.

Priorities	Challenges and Opportunities
Wellbeing, Inequality & Access	The pandemic has highlighted disparity in outcomes and deepening inequality. Scotland's young people have been particularly affected. Our historic environment is spread throughout Scotland and the sector, along with other partners, can play its part to address inequalities and support the wellbeing of local communities.
Managing Heritage Assets	The key challenge for next year is addressing findings identified at our properties in care through the high-level inspection programme. Climate change and other factors are accelerating the rate of decay of the properties in our care which requires a different approach to the prioritisation of scarce resources. 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 COP26 summit in Glasgow last year showed the level and urgency of effort that is required to mitigate and adapt to the effects of climate change. Our heritage assets can provide opportunities to build on circular economy principles to lower carbon impact.
Stronger, Fairer, Greener Economy	There is huge potential for our historic environment to support economic recovery from the pandemic. From sustainable tourism to the reuse and retrofit of historic buildings the historic environment will provide opportunities for the creation of high-quality green jobs and skills development. However, forecast acceleration in inflation and ongoing supply chain disruption pose real challenges for the year ahead.
Sector Recovery	The care and maintenance of our historic environment depends upon 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 now the economic challenges facing the country. Supporting the resilience of these partners is crucial and will be an important element of refreshing the sector strategy <i>Our Place in Time</i> this year.
Building HES	We have re-shaped our organisation to support the delivery of our annual priorities and long-term outcomes. Our new structure, along with the digital transformation of our services and our support for our people, will provide a stronger customer and community focus through an enhanced regional model; foster and encourage more collaborative working and create an organisation where all our colleagues want to work with opportunities to develop and progress.

The following sections provide more detail on how we will support the historic environment and work to achieve our priorities working towards *Heritage for All* outcomes during 2022-23.

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

<p>Create heritage without boundaries</p> <p>- widening opportunities for everyone to understand, enjoy and connect with the historic environment, making it a part of our everyday lives.</p>	<p>We will use the historic environment to empower and enable Scotland's communities</p> <p>- demonstrating the crucial role that heritage can play in building the wealth of local places.</p>	<p>We will champion a diverse and inclusive heritage</p> <p>- working together with communities so that everyone can see themselves in the historic environment and the stories we tell about it.</p>	<p>We will promote the wellbeing benefits of the historic environment</p> <p>- harnessing its potential to offer spaces for living, recreation, reflection and entertainment.</p>
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OUR PROGRESS SO FAR 2019-22

KPI	Key Performance Indicator (KPI)	Year 1	Year 2	Provisional Year 3	Provisional Overall KPI Result 2019-22
1	Increase wellbeing from Scotland's historic environment	Achieved	Achieved	Partially Achieved	Partially Achieved
2	Increase engagement with Scotland's historic environment	Achieved	Achieved	Achieved	Achieved
3	Enhance communities' use of their heritage in placemaking	Achieved	Achieved	Achieved	Achieved

Good progress was made over the previous Corporate Plan period towards this outcome, as shown above. More focus, however, is needed on wellbeing in the wake of the pandemic, while maintaining progress on engagement and placemaking.

OUR PRIORITIES FOR 2022-23

Our focus for the year will be:

Wellbeing - work on wellbeing published by the Scottish Government and Office for National Statistics indicates the depth and severity of the impact of the COVID-19 pandemic on individual and societal wellbeing. Local communities came together to support each other, and many people found value in the natural and built historic environment within their local area. It is important that we continue promoting the benefits of the historic environment and working with communities to support their wellbeing.

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 2022-23:

<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 	
Indicators For 2022-23	What Success Will Look Like
1.1 Shared established wellbeing benefits of the historic environment, specifically targeting those groups who could benefit most	Baselined the number of first-time visitors at our sites and volunteers joining HES for the first time from Scotland's 20% most deprived areas by 31 March 2023 to inform future plans to extend access and participation
<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 	
Indicators For 2022-23	What Success Will Look Like
1.2 Implemented our <i>Equality Outcomes Action Plan 2021-25</i> , which incorporates ambitions on our society, our services and our people	Delivered 60% or more of the 2022-23 high-level planned actions in the <i>Equalities Outcomes Action Plan</i> by 31 March 2023
1.3 Worked with our partners to involve young people in decision-making and co-creation of services, including digital	Approved multi-year Action Plan based on recommendations from #HistoricScot forum report working with Young Scot and begun Year 1 implementation by 31 March 2023
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	Completed Prototyping stage of Heritage Hub and moved to Build by 31 March 2023
<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 	
Indicators For 2022-23	What Success Will Look Like
1.5 Delivered advice and guidance through a place-based approach to help communities understand, promote and develop the benefits of their heritage focusing on those communities impacted by access-restricted sites due to high level masonry inspections	Delivered 50% or more of high-level planned actions in the multi-partner <i>Community Support Action Plan</i> by 31 March 2023

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

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

OUR PROGRESS SO FAR 2019-22

KPI	Key Performance Indicator (KPI)	Year 1	Year 2	Provisional Year 3	Provisional Overall KPI Result 2019-22
4	Strengthen the resilience of Scotland’s historic environment	Partially Achieved	Partially Achieved	Partially Achieved	Partially Achieved
5	Increasingly lead the sector in climate change	Achieved	Achieved	Achieved	Achieved

We worked hard over the Corporate Plan period 2019-22 and good progress was made towards our climate change goals. However, the pandemic has made it increasingly difficult to look after our historic environment. Repairs, maintenance and development work were unable to be undertaken during lockdown and are exacerbated by the effects of climate change. More focus is therefore needed here this year and in the years ahead.

OUR PRIORITIES FOR 2022-23

Our focus for the year will be:

Managing Heritage Assets – a key challenge faced by 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 be a key priority this year. 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 aspirations cannot be achieved without addressing our traditional infrastructure. Adaptation and mitigation are at the forefront of our plans, building on the legacy of COP26 in Glasgow last year.

WHAT WE WILL DO IN 2022-23:

<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 	
Indicators For 2022-23	What Success Will Look Like
2.1 Developed and delivered a plan of action to assess and address the potential high-level fabric risk at the properties in our care and the implications for HES and our stakeholders	Delivered all Batch 1 site inspections and inspections at 15 Batch 2a sites by 31 March 2023
2.2 Finalised a long-term strategy and redesigned the inspection regime for the properties in our care (PIC) that considers how we manage and operate these assets in a sustainable and innovative way to maximise their contribution now and for the generations to come	Approved PIC Strategy by 31 March 2023
2.3 Enhanced the care and management of collections associated with the properties in our care in line with the <i>Scheme of Delegation</i>	<ul style="list-style-type: none"> Completed scoping for Options Appraisal for Collections and Applied Conservation facilities and storage by 31 March 2023 Delivered Year 1 of Collections Inventory Project and Government Indemnity Scheme Action Plan by 31 March 2023
2.4 Improved the storage conditions of the archives in our care	<ul style="list-style-type: none"> Completed RIBA Stage 3 Spatial Coordination and started RIBA Stage 4 Technical Design by 31 December 2022 Near-finalised technical design as part of RIBA Stage 4 by 31 March 2023 allowing us to procure the service provider for construction and fit-out from April 2023 onwards
2.5 Published revised <i>Research Strategy</i> for 2023-28 with a focus on multi-partner research to support the historic environment sector to build resilience, recover from the pandemic, and contribute to a greener, fairer society	Published revised <i>Research Strategy</i> for 2023-28 by 31 March 2023
<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 	
Indicators For 2022-23	What Success Will Look Like
2.6 Delivered Year 3 of our <i>Carbon Management Plan</i>	Produced no more than 4,725 tonnes of CO2 greenhouse gas emissions from within our organisational boundary in 2022-23 towards a target of 4,295 tonnes of CO2 by 31 March 2025
2.7 Continued to implement our ambitious <i>Climate Action Plan</i> (CAP) 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	Progressed delivery of CAP from 36% of sub-actions at 31 March 2022 (Year 2 of 5) to 60% or more by 31 March 2023 (Year 3 of 5)

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

<p>Promote responsible tourism</p> <p>- 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.</p>	<p>Encourage enterprise and investment in the historic environment</p> <p>- 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.</p>	<p>Enable sustainable change to the historic environment</p> <p>- developing effective, evidence-led policy and guidance that protects our unique heritage while supporting the creation of new jobs and income-generating opportunities.</p>	<p>Increase the availability and demand for traditional skills and materials</p> <p>- showing how understanding, caring for and celebrating the historic environment adds value to the economy, providing attractive career opportunities, skilled employment and business growth.</p>
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OUR PROGRESS SO FAR 2019-22

KPI	Key Performance Indicator (KPI)	Year 1	Year 2	Provisional Year 3	Provisional Overall KPI Result 2019-22
6	Increase economic benefits from Scotland's historic environment	Partially Achieved	Achieved	Partially Achieved	Not Achieved ³

³Status takes account of Annual Operating Plan Indicator results and contextual data.

We worked hard over the Corporate Plan period from 2019-22 to support local and national economies. However, the COVID-19 pandemic has had a massive 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 during the period.

The future path of the pandemic and recovery from it remain 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 over the coming year.

OUR PRIORITIES FOR 2022-23

Our focus for the year will be:

A stronger, fairer, greener economy – there are challenges ahead as the economic impacts of the pandemic continue to filter through supply chains, compounded by war in Ukraine. Inflation is accelerating, the cost of living is increasing and real incomes are reducing. 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 reuse and retrofit of historic buildings will provide high-quality green jobs and skills development opportunities. This is supported by our enabling role in the planning system and our strategic partnerships with economic development agencies and Growth Deals.

The operation of our visitor attractions, directed by our work on responsible tourism, has a key role to play in building back the 80% drop in heritage-driven visitor expenditure caused by COVID-19, benefitting local economies and Scotland as a whole.

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. This investment promotes sector recovery through stimulating historic environment supply chains and increasing the quality and availability of historic environment skills.

Our *Sustainable Procurement Strategy* will also contribute 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 *Historic Environment Skills Investment Plan*, 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 2022-23:

KPI 6: Increase economic benefits from Scotland's historic environment What success will look like:	
<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 	
Indicators For 2022-23	What Success Will Look Like
3.1 Developed a regulatory framework which sets out the aims and principles behind HES's role in planning and other regulatory systems	Approved regulatory framework by 31 December 2022
3.2 Dealt with regulatory activities, consultations and decisions within stated timescales, ensuring our decisions are open, transparent and easy to understand	<ul style="list-style-type: none"> Maintained delivery at 90% or more dealt with within stated timescales in 2022-23 Approved <i>Annual Planning Performance Report</i> by 31 August 2022
3.3 Promoted the contribution of the historic environment and the sector in national and regional economic planning and investment strategies	Increased participation in Growth Deal Programme Boards and Economic Plan Frameworks from 5 in 2021-22 to 10 by 31 March 2023
3.4 Increased number of visits to our sites, benefitting local tourism economies and managing the impact of high-level masonry access restrictions	<ul style="list-style-type: none"> Increased number of visits to our sites from 1.2 million in 2021-22 to 2 million in 2022-23 Increased the direct and indirect contribution to local tourism economies from £117 million (provisional) in 2021-22 to £270 million in 2022-23
3.5 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	<ul style="list-style-type: none"> Implemented an Interpretation and Experience Programme at sites impacted by high level masonry access restrictions by 31 March 2023 Maintained or improved visitor overall enjoyment scores from our fully open sites at or better than 8.8 in 2021-22
3.6 Used our grant schemes as a catalyst to attract investment into local economies across Scotland	Invested at least £11 million in local economies through our grant schemes in 2022-23, taking the total invested since 2019 to £37.9 million
3.7 Delivered Year 1 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	Spent £20 million with Scottish suppliers in 2022-2023, taking the total spent since 2019 to £79 million
3.8 Delivered Year 4 of the sector's multi-partner <i>Historic Environment Skills Investment Plan</i>	Delivered (or for multi-year actions, made good progress in delivering) the majority (60% or more) of actions in the <i>Skills Investment Delivery Plan</i> by 31 March 2023

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

<p>Safeguard and celebrate the intangible elements of our historic environment</p> <p>– ensuring that its meanings, values, and traditions are recognised and shared as widely as possible.</p>	<p>Promote the historic environment as a key resource for creative inspiration</p> <p>– working with people to explore and celebrate heritage, and developing new partnerships between the historic environment and the creative economy.</p>	<p>Use the historic environment to enrich education and learning</p> <p>– promoting the value and importance of our heritage at all levels of learning, and finding new ways to engage our audiences.</p>	<p>We will share our heritage with the world</p> <p>– developing innovative and creative international partnerships by opening up our historic environment to a global audience and exploring its worldwide impact and legacy.</p>
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OUR PROGRESS SO FAR 2019-22

KPI	Key Performance Indicator (KPI)	Year 1	Year 2	Provisional Year 3	Provisional Overall KPI Result 2019-22
7	Increasingly inspire creativity and innovation	Achieved	Achieved	Achieved	Achieved
8	Increase international recognition of the quality of Scotland's historic environment	Achieved	Achieved	Achieved	Achieved

We made good progress over the Corporate Plan period 2019-22 and aim to maintain that level of performance this year.

OUR PRIORITIES FOR 2022-23

Our focus for the year 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. In 2022, Scotland’s Year of Stories, we’ll be rediscovering Scotland’s stories and celebrating those of marginalised communities and people who shaped Scotland’s history.

Managing heritage assets - our knowledge, expertise and experience in conservation, heritage tourism, research, technical science, data, and reuse and retrofit 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 2022-23:

KPI 7: Increasingly inspire creativity and innovation What success will look like: <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 	
Indicators For 2022-23	What Success Will Look Like
4.1 Used our learning framework to implement a blended programme of inclusive partnership projects, visits and online resources that support education, skills and wellbeing outcomes to inspire learners of all ages and abilities	Increased the number of learners actively engaged through a blended offer of site visits, digital and participative activities from 12,000 in 2021-22 to 15,000 (target 40% from youthwork, ASN and SIMD/rural schools through project work), by 31 March 2023
4.2 Delivered the core commitments of the final year of our <i>Gaelic Language Plan 2018-23</i>	Progressed delivery of our <i>Gaelic Language Plan</i> from 76% of actions at 31 March 2022 to 90% or more by 31 March 2023
4.3 Implemented Year 1 of our multi-partner <i>Intangible Cultural Heritage Action Plan</i> , mainstreaming intangible cultural heritage across our organisation	Delivered 60% of actions planned with a focus on Year of Stories 2022 by 31 March 2023
KPI 8: Increase international recognition of the quality of Scotland’s historic environment What success will look like: <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 	
Indicators For 2022-23	What Success Will Look Like
4.4 Implemented our multi- partner <i>International Strategy 2019-29 Partnering Globally</i> , ensuring our international activities utilise our skills and expertise to support the global recovery	Delivered 50% or more of actions in the multi-partner <i>International Strategy Action Plan</i> by 31 March 2023

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 2019-22

KPI	Key Performance Indicator (KPI)	Year 1	Year 2	Provisional Year 3	Provisional Overall KPI Result 2019-22
9	Grow trust and confidence in HES	Achieved	Achieved	Achieved	Achieved
10	Enhance the sustainability of HES	Achieved	Achieved	Achieved	Achieved

We made good progress over the Corporate Plan period 2019-22 and aim to maintain that level of performance this year. There are huge challenges facing our sector, and it is vital that we adapt to meet them.

PRIORITIES FOR 2022-23

Our focus for the year will be:

Sector recovery - as the lead body for the historic environment in Scotland, we are continuing to provide a range of support in light of the ongoing pandemic 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 to local communities. We will also create the time and space over the coming year to work with partners and stakeholders to reimagine the future of our sector as we move forward from this crisis to build back better.

Building HES - after two years of public health challenges, disruption, change, and isolation for many we need to continue to balance our ambitions with an understanding of our operating context and the impacts of the pandemic our people continue to face. We will continue to support our colleagues through our *People Strategy* and our *Behaviours Framework*. Our experiences over the last two years have also shaped our thinking on building the resilience of our organisation. In 2021-22 we re-shaped to create a regional focus and in 2022-23 we will revisit our business model. We are also working hard to diversify our funding sources through our fundraising and commercial activity and transforming the way we work, moving towards a digital first approach.

WHAT WE WILL DO IN 2022-23:

<p>KPI 9: Grow trust and confidence in Historic Environment Scotland 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 	
Indicators For 2022-23	What Success Will Look Like
5.1 Worked with our partners to determine priorities to support sector recovery, laying the groundwork for a refreshed sector strategy and HES Corporate Plan	Agreed priorities for the revised sector strategy, <i>Our Place in Time</i> , in collaboration with the sector and published the new strategy by 30 April 2023
<p>KPI 10: Enhance the sustainability of Historic Environment Scotland 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 	
Indicators For 2022-23	What Success Will Look Like
5.2 Improved our organisational resilience and financial sustainability	Progressed a new business model with Scottish Government as part of the 4-year Spending Review by 31 March 2023
5.3 Implemented Year 3 of our <i>People Strategy 2020-25</i> , focusing on engaging our colleagues, improving our overall employee experience, developing new ways of working and growing skills for now and tomorrow	<ul style="list-style-type: none"> Delivered 75% or more of Year 3 actions in our <i>People Strategy</i> by 31 March 2023 Started to implement our agreed approach to strategic workforce planning in 2022-23
5.4 Continued to transform the way we work to ensure our operations deliver best value, including delivery of <i>HES-Digital</i>	By 31 March 2023: <ul style="list-style-type: none"> Implemented <i>HES-Digital Delivery Framework</i> Implemented an approach to benefits realisation through our Project Management Office

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.

COVID-19 continued to have a major impact on HES in 2021-22. We are 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 effectively shut down in March 2020. Visitor numbers are expected to recover over the Corporate Plan period but target growth may continue to be impacted by the uncertainty over recovery and also a more sustainable approach to tourism.

Our Income and Expenditure for 2022-23:

Income	£m	Expenditure	£m
Grant in aid (Resource)	60.6	Staffing	58.0
Grant in aid (Capital)	6.5	Operational Expenditure	23.9
Capital charges	3.0	Cost of sales	2.7
Gross commercial income	35.0	Grants	12.0
Other income	2.0	Capital charges	3.0
Total income	107.1	Investment	9.5
Designated Fund Release	2.0	Total Expenditure	109.1

Our Expenditure for 2022-23 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	1.9
Outcome 2 - Heritage and the Environment	40.0
Outcome 3 - Heritage and the Economy	38.0
Outcome 4 - Heritage and Creativity	1.5
Outcome 5 - Heritage and Us	22.0
Total Expenditure	103.4

Our Carbon Budget for 2022-23

In support of our work towards net zero, we are publishing our carbon budget for the first time. 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	3,837
Waste	147
Water	67
Business Travel	674
Total	4,725

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, the *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.

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

Historic Environment Scotland is the lead public body established to investigate, care for and promote Scotland's historic environment.

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