



HISTORIC  
ENVIRONMENT  
SCOTLAND

ÀRAINNEACHD  
EACHDRAIDHEIL  
ALBA

## HISTORIC ENVIRONMENT SCOTLAND (HES)

ÀRAINNEACHD EACHDRAIDHEIL ALBA

### Corporate Plan 2016-19

### Final Business and Regulatory Impact Assessment (BRIA)

This BRIA considers whether the Historic Environment Scotland Corporate Plan 2016-19 impacts, either positively or negatively, on businesses in Scotland in different ways.

<b>Title of Strategy</b>	Historic Environment Scotland Corporate Plan 2016-2019	
<b>Historic Environment Scotland Chief Executive Officer</b>	David Mitchell	
<b>Lead Official</b>	Adam Jackson, Head of Corporate and Business Planning	
<b>Officials involved in this EQIA</b>	<b>Name</b>	<b>Team</b>
	Russell Whyte Economist	Governance and Performance
<b>Is this new policy or revision to an existing policy?</b>	This is the first Corporate Plan for Historic Environment Scotland	

## 1. Introduction

Historic Environment Scotland (HES) is an executive NDPB with charitable status. It was established on 1 October 2015 by bringing together two organisations that have helped to look after our nation's past for over a century: Historic Scotland (HS) and the Royal Commission on the Ancient and Historical Monuments of Scotland (RCAHMS). It is intended that HES will provide a more resilient, sustainable and effective heritage service for Scotland, simplifying the public sector landscape and creating a higher profile lead public body for the historic environment in Scotland.

[The Historic Environment Scotland Act 2014](#) gives Historic Environment Scotland the following functions:

- (a) identifying and recording the historic environment;
- (b) understanding and interpreting the historic environment;
- (c) learning about, and educating others about, the historic environment;
- (d) protecting and managing the historic environment;
- (e) conserving and enhancing the historic environment.

Historic Environment Scotland also has the function of managing its collections as a national resource for reference, study and research. In particular—

- (a) preserving, conserving and developing its collections;
- (b) making the collections accessible to the public and to persons wishing to carry out study and research;
- (c) exhibiting and interpreting objects in the collections.

[The 2014 Act](#) states that “Historic Environment Scotland must, before the beginning of each planning period, prepare a corporate plan and submit it for approval to the Scottish Ministers. The corporate plan must set out:

- (a) Historic Environment Scotland's main objectives for the planning period,
- (b) the outcomes by reference to which the achievement of the main objectives may be measured, and
- (c) the activities which Historic Environment Scotland expects to undertake during the planning period”.

The Corporate Plan (“the Plan”) is the top tier of the organisation's strategic planning framework and sets out HES's vision for the historic environment, its strategic priorities over the 3-year period 2016 to 2019 and the resources allocated to deliver them. It explains the outcomes HES wants to achieve to deliver its vision of “Scotland's heritage cherished, understood, shared and enjoyed with pride, by everyone” and how HES will achieve them. The work will be delivered through Business Plans, which will be published each year and will provide the detail of specific activities, resources and performance indicators.

## 2. Objective

The key aim of the Plan is to set out Historic Environment Scotland's (HES's) strategic direction 2016 to 2019. The Plan identifies key outcomes and priorities to ensure that HES is focussed on delivering the agreed mission, vision and values. There are five outcomes:

- Scotland's historic environment makes a strong contribution to the cultural, social, environmental and economic wellbeing of the nation and its people.
- Scotland's historic environment is better known and understood.
- Scotland's historic environment is cared for and protected.
- People value, celebrate and enjoy the historic environment.
- HES is a high performing organisation.

The Plan is also intended to ensure that Historic Environment Scotland's activities and outcomes address HES's statutory functions and are well aligned to support the Government's strategic priorities and those of the historic environment sector as set out in [Our Place in Time: The Historic Environment Strategy for Scotland](#) (OPiT). As the lead public body responsible for implementing OPiT, the Corporate Plan will contribute to the shared vision that:

*Scotland's historic environment is understood and valued, cared for and protected, enjoyed and enhanced. It is at the heart of a flourishing and sustainable Scotland and will be passed on with pride to benefit future generations.*

The Plan does not seek to make changes to the overarching regulatory framework set out in the Act, or the wider suite of existing regulations which relate to the historic environment as detailed in the SHEP (Scotland's Historic Environment Policy). The Plan does however detail how the organisation will conduct itself in the delivery of the statutory functions and in meeting the objectives set in OPiT.

The Plan also accounts for the policy directions set out in the Scottish Government's Spending Review; the Programme for Government; Scottish Government's revised Economic Strategy (March 2015); the new regulations in the Historic Environment Scotland Act; the Cabinet Secretary for Culture and External Affairs' statement of priorities for her portfolio; and the HES Board's review of priorities.

The [National Performance Framework](#) provides a means to measure the Government's success in achieving its priorities. It comprises five Strategic Objectives that underpin the Government's Purpose and describe the kind of Scotland we want to live in – a Scotland that is Wealthier and Fairer, Smarter, Healthier, Safer and Stronger, and Greener – and sixteen National Outcomes which provide a performance framework for measuring success against the Government's strategic priorities. The Plan demonstrates how HES will contribute to the purpose through direct alignment of all HES activities with these intended outcomes.

### **3. Rationale for Historic Environment Scotland's intervention**

This section seeks to highlight what HES Corporate Plan is aiming to achieve in this area; and how and to what extent HES Corporate Plan may impact on business, charity or the voluntary sector and on Scotland's competitiveness; and the estimated costs and benefits of the proposed measures in the plan.

HES is an executive NDPB with charitable status and performs a regulatory function. Although the BRIA is not mandatory, it is expected to be part of the process of introducing any new policy or plan that may have an impact on business. Once published, the BRIA allows those with an interest in the Plan to contribute as appropriate, having a fuller understanding of its impacts.

A range of individuals, businesses, charities, industries and activities make use of and rely on Scotland's historic environment. In some cases, there are multiple and potentially competing uses of the same areas. Scotland's historic environment contains a wide variety of important, unique and irreplaceable features, and provides a range of valuable goods and services.

However, ownership, decision-making and funding in relation to Scotland's historic environment is diffuse, meaning that management of the historic environment is complex. There is a risk that decisions may be made in isolation from one another and that the historic environment may be mismanaged and damaged, with consequences for the goods and services it provides. This could also increase costs and uncertainty for businesses, developers and other historic environment activities, undermining the efficient use of Scotland's historic environment.

The Plan (linked to the Historic Environment Strategy for Scotland - Our Place in Time) aims to provide strategic direction to Historic Environment Scotland and make clear to other key partners and historic environment decision-makers, the priorities for the historic environment.

The Plan aims to ensure that protection of the historic environment is a part of the decision-making process, and that a balance is struck between economic development and environmental protection. The Plan also aims to create greater transparency and increase certainty in terms of the mission, vision, values, outcomes and objectives of HES.

The following specific areas are explored in more detail below:

- A) To ensure historic environment activities align with the National Performance Framework
- B) To address possible market failure
- C) To maximise public good from the historic environment
- D) To support consistency in regulatory decision making
- E) To support equity of access to the historic environment

**A: To ensure historic environment activities align with the National Performance Framework**

The work of Historic Environment Scotland, as dictated by the Corporate Plan, is aligned with a number of national indicators in the [National Performance Framework](#) (NPF). HES contributes to the NPF. Core examples include:

National Indicator	Relevant Corporate Plan activities
Increase cultural engagement	Theme IV - Value: provision of heritage attractions, access to information on Scotland’s places, and supporting work with local bodies and community groups to develop active participation programmes.
Improve the state of Scotland’s historic sites	Theme III - Protect: direct investment in the conservation of the managed estate and provision of grants and technical research to support other organisations and individuals responsible for historic sites.
Improve people’s use of Scotland’s outdoors	Theme IV - Value: provision of events programmes and outdoor heritage attractions.
Improve the condition of protected nature sites	Theme III - Protect: designation and scheduling to ensure appropriate and sympathetic planning of heritage assets located in protected areas.
Labour market improvement indicators	Supporting and growing heritage tourism and its associated supply chain within Scotland, direct expenditure with Scottish businesses in delivery of our activities, and leveraging expenditure by the sector and individuals engaged with historic sites via conservation advice, awareness, planning decisions and grants provision.

Through these actions, HES contributes to a number of national outcomes. In particular, HES supports the delivery of National Outcome 12: “We value and enjoy our built and natural environment and protect it and enhance it for future generations”. HES’s statutory planning duties are also linked to Outcome 10: “We live in well-designed sustainable places”, and through research and outreach activities, Outcome 13: “We take pride in a strong, fair and inclusive national identity”. HES supports these outcomes as the lead public body for delivery of OPiT.

**B) To address possible market failure**

As the lead public body and grant funder, HES can intervene to prevent market failure. Market failures occur when freely-functioning markets, operating without government intervention, fail to deliver an efficient or optimal allocation of resources. A consequence of market failure is that economic and social welfare may not be maximised. The HM-

Treasury's Green Book describes a range of market failures which justify government intervention in the sector. A number of these market failures can apply to the protection and promotion of the historic environment, three of which are detailed below: public good, externalities and equity.

### **C: To maximise public good from the historic environment**

HES has a role to promote and deliver public benefit from the historic environment. The historic environment can be considered to be a (quasi) **public good**; some elements of the historic environment are public goods (i.e. they are owned and/or managed by public bodies). Some elements are also owned and/or managed by charitable or voluntary sector organisations for public benefit. Some of the public benefits derived from the historic environment are symbolic or aesthetic and cannot be restricted or captured through charging. Symbolic benefits (and aesthetic benefits) are non-rival and non-excludable. In other words, one person's pride in their historic environment does not diminish another person's ability to take pride in it as well (non-rival) and it is impossible to exclude anybody from benefitting from the pride and enjoyment given by the historic environment (non-excludable). Thus, there is incentive for some individuals to bear the full cost of maintaining the historic environment, when others who have not paid can still share in the benefits. Physical access is the only benefit that could be restricted by the private sector to make profit, so the sector could be incentivised to under-invest in maintaining the elements which are non-chargeable i.e. they would not have the incentive to maintain certain sites and collections and would therefore not adequately protect assets of historic importance and/or provide comprehensive historic coverage.

### **D) To support consistency in regulation and decision making**

**Externalities** - decision-making around designation and planning permission lends itself to a centrally supervised regulatory framework to ensure consistency across Scotland. Without a common and transparent, accessible public standard, any owners or developers might take lower cost options which damage the heritage aesthetic of the building/site for the wider community. Private owners of monuments might also damage external public benefits through commercial choices e.g. selection of overseas suppliers to minimise cost, rather than supporting local businesses in the supply chain.

### **E) To promote equality of access**

**Equity** – maintaining equality of access. Public bodies with charitable status (such as HES) and other charitable organisations (such as NTS) must deliver public benefit and are inherently not for profit – as such they have a key role to play in promoting equality of access.

Private sector operating models rely on income, a significant proportion of which comes via non-Scottish visitors to the sites. Pricing to maximise profit and accommodate tourists

would restrict (or even remove) access from many Scottish people, for whom the sites are predominantly being protected. However, the requirements of external funders such as the Heritage Lottery Fund may have a direct impact on access provisions. Private operators may also be less likely to promote sites to target groups for equality impact assessments, which are a specific requirement for public organisations (but again may be impacted by external funder's conditions). The Plan promotes the importance of promoting equality and diversity of access and participation, while recognising the need to generate income

## **4. Consultation**

### **4.1 Within Government**

In-house consultations for the corporate plan have taken place with HES directorates and staff across Scotland. The Plan has drawn from the policy and strategic direction documents published by the Scottish Government including: the Scottish Historic Environment Policy (SHEP); OPiT; the Programme for Government; the revised Economic Strategy (March 2015); the new regulations in the Historic Environment Scotland Act; the Cabinet Secretary for Culture and External Affairs' statement of priorities for her portfolio; and the HES Board's review of priorities. The latest drafts of the Plan have been shared with HES's sponsor in government, the Culture & Historic Environment Division (CHED), to enable them to review and ensure consistency with these overarching strategic documents. Six staff consultation sessions were held between 14<sup>th</sup> and 28<sup>th</sup> September, with an open invitation for all staff to attend and offer feedback.

### **4.2 Public Consultation**

The public consultation programme took place between 16th November 2015 and 8th February 2016. It included a mixture of individual face-to-face consultations, focus groups, public briefing sessions and open public announcement to gather feedback.

The 12-week consultation was launched with a press release and email to the stakeholders in HES's client relationship management system encouraging feedback. The draft corporate plan was available via the website from this date. A series of events and meetings were planned during November and December to target stakeholder groups, including policy representations, Historic Environment Forum's working group members, regulators and equalities groups.

### **4.3 Business**

The business consultations for the Scottish Firm Impact Test took place in January and February 2016 as part of the wider external consultation programme. Further details of sampling and results are included in the Scottish Firm Impact Test section (9).

## **5. Options**

Provisionally there are two main options available:

### **A - Do nothing** (no corporate plan in place)

This implies that HES will try to deliver its agreed functions without a formal declaration of our approach. In practice this is not a viable option as production of a Plan is a statutory requirement of the 2014 Act and HES's framework agreement with Scottish Ministers. The existing Historic Scotland and RCAHMS corporate plans expire in 2015 and do not capture the full responsibilities of the new combined organisation.



## **B – Produce a new Corporate Plan**

This is the legally required option, so must be delivered. The draft Plan offered for consultation delivers this option.

In practice, there are a number of variables which will determine HES's ability to deliver the Plan, and will require prioritisation of some objectives and activities over others. This will partly depend on external funding opportunities, and HES ability to realise these, given that HES has no capital budget

Any change in core funding from the Scottish Government, as well as the level of commercial income and external fundraising achieved during the delivery period 2016 – 2019 will therefore impact on whether the strategic outcomes and objectives in the plan can be met. In turn, the availability of funding (core, commercial or external) will influence the level of expenditure the organisation can incur, while any change in the staffing structure may affect how activities are delivered (in-house or via contractors). These choices will affect businesses in different ways, depending on which area of the strategy they are linked to.

## **6. Sectors and groups affected**

The following baseline information summarises the groups of businesses that are currently affected by HES's investment, expenditure and regulatory activities. It also highlights potential areas of risk or opportunity for these business groups in relation to the delivery options for the Plan.

### **6.1 Existing HES suppliers**

- HES spent £31.7 million with suppliers in 2013/14, of which £20.2 million was with suppliers based locally in Scotland (or non-Scottish companies delivering the service from their Scottish distribution centre). This expenditure supported over 1,000 businesses.
- £2.2 million of the £31.7million total was with small local suppliers for whom HES is their sole or major source of income, and without HES income they would otherwise likely go out of business. In turn, HES's expenditure with these suppliers requires them to increase their purchases of materials and services from their suppliers in order to meet HES's demand. In other words HES's expenditure has a positive impact on the supply chain.
- Including the subsequent supply chain effects, HES's total supplier impact is estimated at £44.9 million, 64% of which (or £28.6 million) is based in Scotland. This impact supports 683 FTE jobs across the UK, 448 of which are based in Scotland.
- The introduction of the Plan is expected to safeguard this activity, or potentially grow it through increasing commercial income and fundraising available for expenditure (Strategic theme IV of the Plan).
- The main risk to this group is any reduction in HES expenditure through either a reduction in core grant, or failure to achieve the projected levels of commercial income.

### **6.2 Directly funded businesses / organisations**

- HES distributes £14.5m in grant funding per annum across a range of businesses and other sector stakeholders. In particular, the Build Environment Forum for Scotland, Archaeology Scotland and the Scottish Civic Trust receive the majority of their income from HES grants.
- Grant recipients support local businesses through their expenditure.
- This grant level is ring-fenced funding, so these businesses should experience little or no change following introduction of the Plan. However, there may be some redistribution in the composition of grant recipient businesses based on their fit with the Plan's strategic objectives.

### **6.3 Construction businesses**

- The Scottish Historic Environment Audit (SHEA) estimates that total spend on repair and maintenance of the historic environment was £968 million in 2013/14.
- The private sector accounts for the majority (76%) of spend on historic housing, supporting businesses in the construction and affiliated industries. HES's heritage management planning role and guidance, and the technical research team's guidance documents, have a direct influence on this level of expenditure in order to meet statutory standards (however the exact scale of their influence has not been estimated to date).
- Introduction of the Plan is intended to ensure efficient delivery of HES's statutory duties around planning, which should safeguard these businesses or increase the rate at which expenditure can take place. The risks to this group of businesses relate to any difficulties in the implementation of the strategy and rate at which HES can process applications within the new structure. This could potentially slow the rate of approvals, and thus delay expenditure with construction businesses.

### **6.4 Tourism businesses**

- HES estimates that heritage tourism in 2013 was worth £785 million to Scotland, increasing to £1.3 billion when supply chain effects are added. Of this total, an estimated £393 million is attributable to the properties in the care of Scottish Ministers that are managed by HES.
- This expenditure supports an estimated 12,000 FTEs across Scotland, spanning a range of businesses including hotels, retail, restaurants, transport providers and other attractions. The Plan provides scope for targeted promotion and investment activities that will increase this business impact. The risks to this group of indirectly supported businesses relate to HES's ability to keep the properties in the care in condition which allows them to be open to the public, with the appropriate level of interpretation, facilities and promotion. This will be dictated by the level of income that HES achieves.

## **7. Benefits**

The introduction of the Plan (Option 2) is anticipated to: safeguard the existing supplier profile identified above; generate new business opportunities through efficient delivery of the Plan's strategic outcomes; and promote the sector as a whole through collaboration with partner organisations and stakeholders. In addition, it demonstrates a transparent link between HES's activities and the Government's strategic priorities as encapsulated in Scotland Performs, Scotland's Economic Strategy, and the Programme for Government and OPiT.

The businesses are generally expected to experience little change or positive effects through the introduction of the Plan. However, the level of business benefits will be sensitive to the level of funding available to HES. There are no apparent areas where the introduction of a Plan will reduce current business impacts.

In contrast, option 1 (no Plan) would have an uncertain profile of benefits as there would not be a clear and transparent profile of HES activities, and no determined route through to high level outcomes. Business benefits could still be achieved, but potentially in a less efficient manner, and lacking the formal monitoring and collaboration introduced through the plan. Option 1 is therefore considered to be far higher risk to businesses.

[NB – further non-business benefits have been highlighted in HES's Strategic Environmental and Equalities Impact Assessments].

## **8. Costs**

The cost of producing the Plan is £49,000 in 2015/16 to finance its development, the consultation programme, and design and publication expenses. In addition, staff time has been input by the HES's Governance & Performance team in developing and refining the drafts and delivering the consultation programme. Further resource time was / will be committed by stakeholders through informal and formal consultation feedback.

The total estimated cost of implementing the plan using the 2015-16 as a baseline (and assuming the budget remains at the same level) is approximately £90m p.a. of which half is via the core grant and the remainder through commercial income and other fundraising. The cost of delivering the Plan will however vary according to the level of grant received during the next spending review 2016 to 2019 and the level of commercial income and fundraising achieved over the planning period.

## 9. Scottish Firms Impact Test

In line with the Scottish Government’s guidance, we aimed to achieve face-to-face consultations with 6-8 businesses spanning the full range of sectors and industries which are linked to the operation of HES. A random sample of 12 suppliers was selected from our procurement database, then supplemented with selected industry bodies to represent the wider interests of the archaeology, construction and tourism sectors. The face-to-face consultations were scheduled during January and February 2016.

We achieved a sample of 6 suppliers, plus 3 of the industry bodies which already responded to the open public consultation and were happy that their submissions also addressed the scope of the BRIA. This response rate falls within the Scottish Government’s recommended sample for the exercise. The consultations lasted around an hour and were conducted in a semi-structured manner following the topic guide attached in Annex A. The supplier consultations included the following spread:

Sector	Size (employees)	Reliance on HES activity	Overall view of Plan (score <sup>1</sup> )
Digital media	60	Low (< 10% of turnover)	Positive (4)
Environmental management	1	High (67% of turnover)	Neutral/Positive (3.5)
Construction	40	High (50% of turnover)	Neutral (3)
Wholesale / Retail	2	Low	Positive (4)
Conservation / Archaeology	60	Medium (20% turnover)	Positive (4)
Manufacturing	45	Low	Neutral (3)

A score of 1 indicates the Plan is strongly negative for the business, introducing notable risk. A score of 3 indicates the plan is neutral and the company expect to continue their current level of engagement. A score of 5 indicates the Plan is strongly positive for the business, creating new opportunities.

**Overview** – It is clear that the Corporate Plan is not a key planning document for the respondents, but all of the consultees saw a strong overlap between their activities and the strategic priorities set out in the Plan. The respondents were asked to rate the plan in terms of its likely impact on their business and on-going activities: the respondents unanimously rated the Plan as either neutral or marginally positive for them, suggesting at worst that they’d expect their current level of engagement to continue largely unchanged. Overall, HES has no reason to believe that the Plan will have a negative effect on any current suppliers or sector partners (beyond the funding risks introduced earlier in this paper), and that the Plan is not introducing significant new risks to suppliers or operators in the sector. The consultations did, however, raise some specific issues and points of clarity which we will have to be aware of in implementing the Plan to insure we do not introduce new risks.

**Advantages of the Plan** – The respondents all felt the Corporate Plan had a logical layout and appropriate priorities for the sector, albeit quite dense with “management-speak”. All of the suppliers saw a strong overlap between their activities and the strategic priorities included in the Plan. The range of priorities is comprehensive, and there were no strategic areas which were overlooked. The Plan’s clear commitment to leadership in the sector, investment in training and developing an expert network were notably well received by the respondents. These were also seen as the main areas of opportunity for suppliers to increase their level of engagement.

### **Risks and mitigation**

**A: Priorities** - while the priorities are appropriate, the suppliers were interested to know if they carry an equal weighting. Suppliers in each sector could find a priority linked to their activity, but wanted to ensure that it would have sufficient emphasis when the Plan is implemented. In particular, the suppliers wanted to verify that the customer-facing side of the organisation, the emphasis on tourism and environmental compliance would be given sufficient weight and resource. In addition, two respondents suggested that it would aid business planning to know how the organisation would react to a cut in core budget (or commercial income), and whether this would affect the relative priorities. In addition, some respondents suggested that the Plan wasn’t sufficiently clear that the priorities are inter-dependent, rather than separate e.g. public access relies on appropriate physical conservation so the two cannot be delivered in isolation.

**B: Specific implementation details** – while the plan sets a clear direction, none of the consultees felt it would be a fundamental work planning tool for them, helping to project their likely worksteam. In each case, the consultees relied on further internal HES contacts to judge their likely level of engagement with the organisation and sector. A number of the consultees mentioned that it would aid their own work planning if the Corporate Plan included further specific details about key projects to be delivered in-year, or the proposed split of grants funding (if not the full budget allocation) against each priority to give them some further reassurance when resource planning. Half of the respondents suggested that, rather than including too much of this detail in the Corporate Plan itself, it would be better to provide appropriate contact details for people who want more in-depth engagement. We propose to address this by providing sufficient contact information on the website for stakeholders to further engage as they feel necessary.

**C: HES Enterprise** – the majority of the respondents raised the issue that there is very little detail presented about HES Enterprise in the Corporate Plan. While it does not represent an immediate risk, the suppliers were interested to know if the introduction of the trading arm would change the body they are contracting with, and in turn whether this would change their contractual position. The respondents raised questions over which activities would be contracted through HES directly, which would be contracted via HES Enterprises, and what the anticipated timescale is for roll-out. At this stage the business plan for HES Enterprise is

still being developed, so our proposed approach to mitigate this risk is to ensure appropriate roll-out of HES Enterprises, with suitable communication to suppliers. We will also bear this risk in mind when designing and implementing the HES Enterprise business plan.

**D: Implementing values** – The respondents all felt that the tone and intention of the values and strategic priorities were appropriate, but half also noted that it is not clear from the Plan how values will actually be implemented within the priorities. For example, the value “openness”: how will the priorities be delivered in an open way? The consultees did not think this was a risk to their businesses, but did mention that it could affect delivery and create opportunities in some areas if appropriately rolled-out. The main potential opportunities were thought to be in relation to sector skills and expertise: how will HES be ensuring a professional approach, and will there be formal testing – in turn favouring suppliers who are more geared towards sector-specific skills rather than more generic skills sets.

Overall, the Scottish Firms impact test did not raise any major areas of concern necessitating fundamental change in the Plan. However, there are a number of areas for HES to be aware of in implementing the Plan, and in our communication strategy.

## **10. Competition Assessment**

Two groups of businesses have been flagged up as potential competition issues by the public consultation:

- HES will potentially be competing with other charitable organisations for private fundraising and grants. Potential competitors are both within and outside the heritage sector. The intention in OPiT and the Plan is to work collaboratively with partners to increase the total pot of funding available across the entire sector, rather than competing directly, so it is anticipated that this competition effect should be small (or indeed beneficial for other charities in the sector).
- There is also a risk of increased competition with other heritage and non-heritage visitor attractions in the tourism market, or in any new commercial areas entered. In particular, the heritage sector raised a concern that HES’s statutory role around planning permission for changes to listed buildings could give HES-run attractions an advantage when seeking approvals compared to other attractions. Again, the Plan proposes a collaborative approach to grow the tourism sector as a whole, benefitting all partners and minimising any displacement achieved through growth of visitor numbers at the properties that HES manages. The Plan also prioritises transparency in decision making to alleviate concerns around individual applications.

These issues have been addressed through the response to the main public consultation, and the Scottish firms impact test did not raise any further concerns.

## **11. Test run of business forms**

No new business forms are anticipated as a result of the Plan. However, the existing grant application forms may be reviewed during the course of the delivery period 2016 – 2019 to ensure the strategic objectives identified in the Plan can be monitored. The forms would be tested with businesses if any changes are deemed necessary during the delivery period. It is anticipated that some additional information may be required from businesses to ensure that their bids are consistent with the intended outcomes outlined in the strategy (particularly around employment created and volunteers and community outcomes), but that the level of information required will be proportionate to the scale of grant requested. This may result in some additional submission time or cost for businesses submitting larger scale grant applications.

## **12. Legal Aid Impact Test**

The Scottish Government's Legal Aid team were consulted when the 2014 Act was proposed and confirmed there were no implications for the legal aid fund. The Plan outlines how HES's functions will be delivered, but does not seek to change the scope of HES's remit. It is therefore assumed that the Plan will not introduce any new implications for the legal aid fund.

## **13. Enforcement, sanctions and monitoring**

The 2014 Act requires HES to report annually to the Scottish Government against the range of Key Performance Indicators (KPIs) identified in the Plan. The performance indicators in the Plan are designed to be iterative, in order to accommodate the suite of sector-wide performance indicators being developed by the Measuring Success working group which to monitor the strategic objectives set out in the Scotland's Historic Environment Strategy: Our Place in Time.

As noted in the BRIA for the Historic Environment Scotland Bill (2014), Ministers will have power to guide and direct HES, and have sufficiently flexible powers to move rapidly to address any unforeseen consequences of the Bill. The same principle will apply for any unforeseen consequences relating to implementation of the Plan.



#### **14. Implementation and delivery plan**

The draft Plan was produced during 2014/15 and 2015/16 in order to meet the statutory need to do so dictated by the 2014 Act. The public consultation ran from 16th November 2015 to 8th February 2016, with the final Plan published in March 2016. The final plan was informed by feedback from the consultation process.

The Plan will be delivered by Historic Environment Scotland, and is premised on securing both funding from the Scottish Government in the 2016-2019 Spending Review (which is on-going at this time) and achieving the projected levels of commercial income and fundraising in order to deliver the identified activities. HES's total income will determine the extent to which the Plan's objectives can be met.

The Plan will last until 2019, at which point the final outcomes will be evaluated using the published set of Key Performance Indicators. HES will be responsible for reporting against these indicators the Scottish Government in accordance with the Act. The on-going annual monitoring and reporting against the outcomes identified in the Plan will also allow intervention by the Scottish Government before 2019.

#### **15. Summary and recommendation**

Option 2 – production of a Plan – is the preferred and indeed only legal option available, as it is a statutory requirement of the Historic Environment Scotland Act 2014. Production of the Plan also helps to safeguard businesses supported both directly and indirectly through HES's activity by offering a transparent and measurable series of activities, objectives and outcomes and Key Performance Indicators which are directly aligned to the overarching sector strategy (OPiT) and the Scottish Government's National Outcomes.

To address issues raised by the Scottish Business Impact Test, it is also recommended that HES publishes appropriate contact details on the website for stakeholders who seek more detailed engagement relating to the implementation of the Plan, and that the development of the HES Enterprise business plan is mindful of the potential issues it raises for suppliers.

## **Declaration**

I am satisfied that this Final Business Regulatory Impact Assessment has been undertaken for Historic Environment Scotland's Corporate Plan 2016-19 and give my authorisation for the results of this assessment to be issued for publication on the Historic Environment Scotland website, together with the Final Corporate Plan.

## **Signature:**

A handwritten signature in black ink, appearing to be 'DM', with a long horizontal line extending to the right.

**Name:** David Mitchell

**Position:** Acting Chief Executive Officer, Historic Environment Scotland

**Authorisation date:** 20 May 2016

## **Address:**

Historic Environment Scotland  
Longmore House  
Salisbury Place  
EH9 1SH

## **Annex A – Firm Consultation Topic Guide (semi-structured face-to-face interviews)**

Company / organisation name

Respondent Name / role

Size – employees / turnover / # businesses represented

Quick overview of activities / skills of business / link to sector

Nature of relationship with HES – supplier / contractor / umbrella organisation

- Duration – on-going, one-off, specific site, multi-site specific discipline
- Expectation of future engagement / sales
- Value – per annum
- Share of total turnover / exposure – is HES main purchaser?

Intro Aware of plan? Something you'd look at if not prompted?

– HES to provide an overview of the plan and key areas.

Views of plan:

Overall impression rating (sliding scale e.g. 1 = bad for business, 3 = neutral, 5 = good for business)

- Of plan itself
- From business perspective

Overlap / relevance of key priorities in plan – fit with business areas and priorities

- In terms of skills / services / products offered by business
- In terms of target areas of their business – are HES actively targeted / assumed to be in income forecast

Positives – and opportunities for business / other benefits (monetary / other)

Negatives – and perceived risks for business or other costs (increased costs of engagement, monetary and other)

Particular areas of concern or where would like to see further clarification / details?

Do you think it will have any effect on your suppliers – spend or choice of which ones?

Anything in the Plan which will affect competitiveness of business – e.g. HES entering areas you compete in, or opening market to other competing suppliers

Suggestions for improvement