



ASSET MANAGEMENT AND INVESTMENT PLAN LAUNCH

JANE RYDER OBE
CHAIR OF HISTORIC
ENVIRONMENT SCOTLAND

12 FEBRUARY 2018



HISTORIC
ENVIRONMENT
SCOTLAND

ÀRAINNEACHD
EACHDRAIDHEIL
ALBA

INTRODUCTION

- Good morning and welcome to the Engine Shed and the launch today of Historic Environment Scotland's Asset Management Plan and accompanying Investment Plan.
- Publishing these documents comes exactly three years since the first HES Board was appointed in January 2015, and HES then formally came into operation in October 2015.
- This is therefore a significant milestone for us as organisation, marking the culmination of extensive work by the HES Board, our staff at every level, and our working partners, many represented here today. Indeed I am very pleased to see so many partners and colleagues here today from across Scotland and the UK, from the heritage sector and beyond. Thank you for joining us this morning, it is a pleasure to welcome you all.

ASSET MANAGEMENT PLAN

- We have referred to a singular Asset Management Plan but in fact this is in 3 parts, which will of be interest to different audiences and which fit together rather in the manner of a Russian doll - or perhaps a Tardis, drawing readers deeper into some of the pioneering work undertaken, particularly in relation to conservation.
- Our **starting point** is the recognition that at HES we are responsible for an extraordinary range of assets, brought together by the merger of Historic Scotland and RCAHMS. So the first and shortest of the 3 documents which comprise the AMP is an overview of the assets for which we are responsible as custodians, managers or owners.

- We are of course responsible for managing the 336 Properties in Care and their associated collections, and the statutory Scheme of Delegation requires us to produce an AMP and Investment Plan for those properties and collections. This includes iconic sites such as Skara Brae, the Ring of Brodgar and Maeshowe in Orkney, Edinburgh, Caerlaverock and Stirling Castles, the magnificent Borders abbeys and hundreds of local sites, most unmanned throughout the year. But as successors to RCAHMS we are also the legal owners and responsible for the nationally important collection of ariel photography and for the exceptional Archives. Finding a satisfactory long term solution for the Archives is a very serious consideration which as many of you will know, has been in view but not resolved, for many years. In addition, in a digital age we must also focus on managing the intangible assets which we generate or for which we are responsible and which are of increasing interest and importance, both as part of delivering our current key responsibilities and as heritage assets for the future in their own right. So this document provides an overview, drawing together all these strands and providing a working tool for identifying and acknowledging the totality of our assets.
- The **second** document is perhaps of the broadest interest and sets out our strategic approach to asset management, including our key assumptions and key drivers, and outlining our methodology.

One of the key assumptions is that heritage assets are unlike most other asset classes with a recognised life cycle. Heritage assets are assumed to be managed in perpetuity - and that presents a unique series of challenges for those charged with the stewardship of those assets, requiring us to adapt more recognised techniques of asset management to that assumption.

Another assumption is that, in a modern age, we are committed to transparency as integral to our accountability as a public body and as a charity. Publishing these documents which offer insight into both our strategic thinking and our operational detail and reporting on our progress over coming years is critical to how we want to operate. Opening up our stewardship to scrutiny includes for example, the Conservation Peer Review Group, chaired by a member of our Board, which provides an independent view as an important part of our assurance framework.

In developing our Asset Management Plan our approach has been to identify 4 key pillars or lenses through which we can view the assets (and in turn consider further investment which I will speak about in due course). These are:

- Conservation of the sites
- Improving the visitor experience
- Understanding and preserving the cultural significance of the sites
- How our investment can leverage wider economic, social or community benefits.

This has provided a most useful framework, recognising that some areas are much more developed than others. As you will hear in the course of today, we have undertaken exceptional work on the conservation side, including developing new conservation techniques and this is an area forgoing ahead. However, we are also committed to developing a visitor strategy, which will provide the essential context for future developments, including essential infrastructure and facilities for visitor management such as car parking and additional transport, upgraded utilities, modern ticketing systems and site visitor flow, while at the same time investing in modern and enhanced interpretation, providing the highest quality of visitor experience. The new Visitor Strategy is one of the key priorities we have identified for delivery in this coming year.

And finally, **the third and longest** document provides more technical information, particularly focused on conservation techniques which will be the subject of a number of other presentations later today. This should be read alongside a series of publications with which some may already be familiar:

- In January 2017 we published an interim report of work undertaken towards a developing the Asset Management Plan.
- In December 2017 we published the first comprehensive Annual Report on the Properties in Care with an account of activity throughout the first full year of HES operations. The next speaker, Joann Russell our Head of Estates, will be speaking in more detail about this as she explains our operations.
- Last month, January 2018, we published the Climate Change Risk Assessment of the Properties in Care, a first, but important step in recognising areas of high risk and in planning for future climate change mitigation. The conclusions will be one of the key drivers for future estate management and again, Joann and subsequent speakers will be speaking to this in more detail.

THE INVESTMENT PLAN

Alongside this 3 part Asset Management Plan sits our Investment Plan and, from a Chair's perspective, I view this as much of a significant achievement as the Asset Management Plan. To explain why, I would like to talk about some of the assumptions and challenges which we face, and how we are addressing these. This will I think resonate with many in the audience and beyond.

1. Time horizons. It is perhaps no surprise that those 4 criteria are very close to the generally acknowledged pillars of sustainable development which addresses our responsibilities to future generations. So looking both backwards and forwards, stewardship of our heritage assets means we deal conceptually with not just decades but centuries and even millennia.

But in very practical terms our asset management approach means we are focusing on short, medium and long term time horizons attracting different considerations:

- The short term is the 7/10 years within which we hope to address the most immediate investment priorities for our current portfolio of assets including the properties in care and the archives.
- Medium term is say a 30 year cycle within which we will certainly need to be reviewing the portfolio of assets as well as a long term cycle of repair, maintenance and potential upgrading of the work we are doing now.
- And long term we need to consider the realistic impact of major issues, particularly those identified in our climate change risk assessment such as coastal erosion and what impact this will have on a number of existing or potential sites.

2. Choices - what all these documents provide is a framework for prioritisation, not an algorithm. As I say, we are dealing with a complex series of time horizons but even within the short term horizon of an investment plan to 2022 there are choices to be made which will inevitably have to be responsive to circumstances. What this framework will provide is a range of options - sometimes competing, sometimes happily congruent, but ultimately requiring the exercise of judgment by the Board and staff.

It's entirely possible people will disagree with our choices but as Chair I can assure you we aim to make decisions rationally and objectively within this framework and the resources available. There will be a degree of flexibility and indeed opportunism but there must always be a clear rationale and a recognition of opportunity cost - what is invested in place A (including the Investment of staff time) cannot simultaneously be invested in place B. So, considered choices not automated algorithms.....

3. Which leads me to the issue of Resources; a Plan without resources is no more than an aspiration. It has been long recognised that there is a "conservation deficit " across the estate - in fact a deficit of investment not limited to conservation. At the same time, HES has not had a dedicated investment budget or programme for a number of years. However the last 3 years have seen significant developments in understanding and in financial planning - and is very gratifying that we now have an indicative investment programme which includes a dedicated capital budget of some £6 million as part of our overall Scottish Government grant.

I would like to take the opportunity to acknowledge and thank the Cabinet Secretary for the very satisfactory outcome of the recent Budget negotiations. It is not only that we now have that capital budget of £6million within our Grant in Aid but that - as the Cabinet Secretary set out to the culture committee on 21 December - allowing us to also retain a greater % of our earned income means there should be effectively no negative impact in this coming year. We are therefore able to plan not only the investment programme

we are talking about today, but also to broadly maintain our “business as usual” including, critically, to explicitly maintain our £14.5 million external grant programme. To give an understanding of scale that will give us turnover in the order of £100 million this coming year.

While there are no guarantees that visitor income will continue to increase in the same way over the next few years this does give us a reasonable current platform, and enables us to develop scenarios which will be sufficiently flexible to work within the time horizons I have outlined, and to make responsible choices using that prioritisation framework.

4 Finally I will touch on the issue of scaling up. In many ways we are at risk of our own success, in the very welcome recognition by Scottish Government that the investment deficit should be addressed through a capital programme, as well as the transformational changes we have identified are required internally. This means undertaking projects on a wholly different scale, both as individual projects and, perhaps even more significantly, in the cumulative impact. These major projects which will touch every area of the organisation need to be managed alongside broadly “business as usual”, and in many cases require the development of wholly different skills for the organisation. So it will be a significant governance and management challenge to ensure that we have the capacity, capability and resilience to achieve all this – but one that we warmly welcome.

As I say many of these issues will, resonate with anyone operating in the heritage sector, whether public or private and at whatever scale of operation. In keeping with our commitment of collaboration, we wish to share our experience and expertise, while drawing on the experience and expertise of others.

With that in mind it is appropriate we are here today at The Engine Shed, Scotland’s first dedicated building conservation centre, a facility serving as a central hub for building and conservation professionals and of course, the general public

The purpose of the Engine Shed is to ensure that we have the appropriate knowledge, skills and materials to care for our traditional buildings, now and in the years to come.

- Within Scotland this is as applicable to the 450,000 traditional buildings as much as our own estate, and indeed we think there is much here of international interest.

We have been pleasantly surprised at the level of interest there has already been in our systems development, and in particular the application of emerging technologies in a heritage setting. But once again, I would wish to warmly acknowledge both the work of all at HES and also the help and support we have had in arriving at this point from other individuals and organisations. I am particularly pleased to welcome our colleagues from the British Geological Society, who have worked with us to develop HES - SIGMA, our new survey tool, which you can see demonstrated here today by our staff. I am also very pleased to have our partners from Scottish Canals and the Church of Scotland who worked with us on this journey and are here to present their perspectives on asset management.

So I hope that in the course of today you will have a good picture of how both HES and others are approaching Asset Management and Investment over the next 10 to 20 years. There is much more still to do and particularly in the less well developed areas - as well of course as emerging and new areas we cannot even foresee at present. But all of that makes for a very exciting journey, whether you are engaged at a strategic or a technical level and I hope everyone will find something in today's event to stimulate and to entertain - and that you will continue to contribute to the wider public debate about how all of us in Scotland should be looking after our unique assets.