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DRAFT

Europe, External Affairs and Culture Committee

**Comataidh na Roinn Eòrpa,
Cùisean Taobh A-muigh
agus Cultar**

Tuesday 22 September 2026

Session 7



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EUROPE, EXTERNAL AFFAIRS AND CULTURE COMMITTEE
5th Meeting 2026, Session 7

CONVENER

*Patrick Harvie (Glasgow) (Green)

DEPUTY CONVENER

*Senga Beresford (South Scotland) (Reform)

COMMITTEE MEMBERS

*Colin Beattie (Midlothian North) (SNP)

*Keith Brown (Clackmannanshire and Dunblane) (SNP)

*David Green (Caithness, Sutherland and Ross) (LD)

*Pauline Stafford (Bathgate) (SNP)

*Jenny Young (Central Scot and Lothians West) (Lab)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Ronnie Hinds (Historic Environment Scotland)

Stephen Uphill (Historic Environment Scotland)

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Europe, External Affairs and Culture Committee

Tuesday 22 September 2026

[The Convener opened the meeting at 09:30]

Decision on Taking Business in Private

The Convener (Patrick Harvie): Good morning, and welcome to the fifth meeting of the Europe, External Affairs and Culture Committee in this session of the Scottish Parliament. We have no apologies to record for today's meeting.

The first item is a decision on whether to take items 3 and 4 in private. Do we agree to take those items in private?

Members *indicated agreement.*

Historic Environment Scotland

09:30

The Convener: The next and main item of business is an evidence session with Historic Environment Scotland on the governance of the organisation. I warmly welcome to the committee Stephen Uphill, who is the interim chief executive officer, and Ronnie Hinds, who is the interim chair. Thank you both very much for joining us.

I will begin with some general questions about the status of the organisation. Thank you for giving the committee a written submission, which emphasises the challenges that the organisation faces in restoring stability and on the questions of trust and leadership. I will just reflect on it and ask you to respond.

When I read the submission, I thought back to being on our predecessor committee about a year ago. We went through a series of meetings, including with HES and the Scottish Government, and the same comments were made. People said that there had been a difficult period of turbulence and instability, and they recognised that there was a need to restore trust. The then Cabinet Secretary for Constitution, External Affairs and Culture said:

"we are now in a position where those issues can be addressed".—[*Official Report, Constitution, Europe, External Affairs and Culture Committee*, 6 November 2025; c 2.]

Others gave us similar assurances. However, we have since had even more bumps in the road, to put it mildly.

Will you reflect on why we have got here and on what is necessary to inspire a degree of belief in the assurances about a return to stability and good governance and leadership?

Ronnie Hinds (Historic Environment Scotland): I will happily make a start, and Stephen Uphill will be able to add more.

This morning, I worked out that I have been in the position of interim chair for the sum total of 10 working days. It has been an interesting couple of months of elapsed time, if you like. I have had the opportunity to have a look at the organisation, and I can offer some reflections but, from necessity, I will ask Steve, who has been there a bit longer, to add more substance.

My impressionistic reflection is that HES has been through a long period of turbulence. You might call it two years, which has been the framework for most of the discussions that you referred to, but I think that it goes back before that. Some of the difficulties might be traceable back to the inception of the organisation in 2017, when two organisations were brought together into what is

now HES, bringing their different cultures, procedures and ways of doing things. What we see now is that some of that was not as well addressed and tended to as perhaps it should have been. There is a long tail to this issue.

I have been struck by the extent of the behavioural issues that lie at the root of HES's well-documented difficulties. In a way, that is a statement of the obvious, because it is people's behaviour that has been the subject of media and other commentary. I have seen that in other organisations in which I have played this kind of role, but not to the same degree or extent. The behavioural issues have been widespread, and the leadership of the organisation—on the executive side, in particular, but the board, as well—has a role to play in responsibility. The root of the issue probably lies in the difficulty of imposing a strategic view on an organisation whose operations are quite distinct from one another and which, in lots of ways, work in that fashion quite effectively.

If you want an organisation to have a common purpose and a clear sense of direction at strategic level, you need oversight at board level and at chief executive and executive leadership level. That has been found wanting in the past couple of years; the evidence and the behaviours that we have seen are an indicator of that.

The Convener: I will press you a little on that before turning to Stephen Uphill. You said that oversight had been found wanting. It seems to me that that phrase could mean two different things. It could mean that there were people in the leadership team who were unaware—or who were choosing to be unaware—of the behavioural issues that you identified, or it could mean that there were people in the leadership team who were aware of the issues and did nothing about them.

Ronnie Hinds: I was not there, so that question probably asks for more detail than I could give an authentic response to.

The Convener: I appreciate that.

Ronnie Hinds: I am looking at the results that I see and the relationships that exist between the principals in the organisation that we are talking about. I cannot see how there could be effective governance, leadership and oversight when those relationships are in the condition that they are in. To an extent, the oversight role of the Scottish Government, which goes back at least two years, is also part of the equation—we saw that in the Auditor General's section 22 report. When we are talking about the cultural issues in the organisation, we must have regard for that dimension, too.

The Convener: Stephen Uphill, would you like to contribute?

Stephen Uphill (Historic Environment Scotland): Thank you, convener. I am in a similar position—I have spent slightly more days in the organisation than Ronnie Hinds has; for those in the committee who are new, I joined as chief operating officer at Christmas. My role was to bring some stability to the leadership and act as a point of contact for the executive leadership team, because of the situations that were going on from a personnel perspective, of which we are all aware.

Reflecting on your question, the key point is that such things take longer than anticipated. When your predecessor committee met back in November, there was absolutely the ambition and desire to stabilise the organisation. Obviously, that was before I joined it. However, it takes an awful lot of time to treat these things carefully. At the end of the day, regardless of opinions or of what you read in the press, we are talking about people. It is incumbent on the organisation to move these things forward with a degree of empathy for those individuals while getting to a conclusion that is correct for the organisation.

The Convener: You are currently in a phase of recruiting new people into the leadership team. Is that correct? Tell us about that.

Stephen Uphill: We have not begun that yet. David Martin's review spoke of the need for leadership refresh, a new layer, if I can call it that—maybe that is the wrong word—of executive strategic leadership and a portfolio approach. The board fully accepted that as a way forward. At its most recent meeting, we agreed that we will begin the process of recruiting. The original concept was to recruit four individuals, and we now need to recruit a new chief executive as well. The challenge is about what sequence we do that in—whether we do it all in one or whether we recruit at the chief executive level first and enable that individual to participate in the recruitment of the top team. We have just agreed on that process and we will start to make a specification and go to market for it.

The Convener: That process is not under way yet.

Stephen Uphill: It has begun, in that we are identifying a scope and specification and going to market through a proper procurement process.

The Convener: I will be careful about how I phrase this next question—it will be the last question from me, and then I will bring in other members.

Can you tell me whether some information that I have been sent is accurate? I have been sent it

anonymously, so I will not make any claims about its accuracy or its source; I would just like to know whether what I have been told is true. I have been told that the decision has been made to recruit executive directors with salaries of between £120,000 and £130,000, and that that compares with vacant posts at £90,000. Do you recognise those figures? Are they accurate?

Stephen Uphill: The salary band for the current director post within HES is published. It is in band 8, which is a salary range up to £97,000—I apologise that I do not know what the starting point is. Any new recruitment will be subject to proper assessment and consultation and will fit into the framework above that. That particular range is open to question and there has been no decision on what the range will be.

The Convener: There is an internal pay scale, which will be used to generate the salaries at which the posts are recruited.

Stephen Uphill: We publish our pay grading—that is in place at the moment. Where those roles fit will be subject to the approval of the Scottish Government's remuneration group. It may fit within our existing pay grading or we may create something different—that will be subject to the advice that we get from external recruitment experts about the scale and nature of the jobs. We have an evaluation process to grade the posts.

Ronnie Hinds: I will add that I do not recognise those figures, so I am not sure where they come from. It is worth pointing out something that came from the Martin review, which is that the executive tier that you are asking about is intended to be different from the executive leadership that the organisation currently has. That takes me back to my earlier remarks about the specialist and dedicated operational focus of the existing executive directors, which is how those roles are cast.

There is a need to bring the organisation into a more collaborative mode of working: that is part of the culture change that is being talked about. The roles that are covered by the Martin review and will be subject to the evaluation that Stephen Uphill spoke about will reflect that. They will be more outward looking as well as looking inward to the organisation, and I think there will be fewer roles than we currently have. I have no view on salaries but, if there is any change in salaries, that will be because of the scope of the roles and will fit into whatever structure HES and the Scottish Government work with.

The Convener: If the information that I have been sent does not reflect decisions that have been made at the moment, I look forward to hearing what decisions are made. I ask you to bear in mind that some families struggle to have enough

money to go out and visit the sites that HES manages for all of us, and they might blanch at the idea of already-high salaries being increased by anything like the figure that has been suggested to me. I hope that the figure is only a suggestion and I ask you to bear that in mind.

We move to questions from other members.

Colin Beattie (Midlothian North) (SNP): I draw members' attention to the fact that I am a member of Historic Scotland.

I have one or two questions. Stephen, in your letter of 16 September you state that your

"financial framework ... requires HES to become increasingly financially sustainable through efficiencies"

and

"increased commercial and philanthropic income".

What impact will that have on the culture in HES? I presume that driving for commercial profit will not mean a net gain for you, because it will reduce your reliance on the grant in aid that you receive rather than improving what you are doing or making efficiencies. What will be the impact on the organisation? That is quite a big swing away from how you have operated historically.

Stephen Uphill: The new business model was introduced two years ago, which is before my time but is fairly recent. That model, unusually, allows HES to retain surpluses from year to year, whereas any surplus in the public sector is usually returned to the Scottish Government. HES has been put in a unique position. Obviously, we have to generate surpluses if we are to keep them to reinvest in future years, which is where efficiency comes in. HES must operate efficiently, as must any public body, in delivering its services. That is one side.

HES has the ability to retain those surpluses for reinvestment. Although it is public knowledge that the grant in aid will be reduced by £2 million per year over a five-year period, we will focus on growing our commercial income to offset that and to generate more income and profit—to use that horrible word—to reinvest in the heritage estate. That business model was agreed with the Scottish Government two years ago.

Colin Beattie: As part of the agreement that you refer to, you were allocated £57.2 million grant-in-aid funding for 2026-27, which is a fall of £2.1 million. Have you managed to generate sufficient revenue to meet that fall?

Stephen Uphill: The most recent figures that we have show that our income is growing and our latest accounts, subject to sign-off and audit, show that we balanced the books this year. We must do what the Martin review referred to as looking at how we deliver and becoming more efficient so

that we can generate those surpluses. We broke even in 2025-26 and we have figures that we can share with the committee later to show that we are exceeding our income targets for this year—not by a huge amount, but we are exceeding them. It has been a good summer, thanks to all the hard work of all the people who share our heritage assets with visitors across the country, and we are slightly ahead of the game, though not by a huge amount.

09:45

Colin Beattie: That brings me back to my initial concern: how is that approach affecting the culture in HES? You are driving for profit now, which in a heritage organisation is not always a happy mix.

Stephen Uphill: They are two very different cultures, but it is about accepting in the organisation that we are aiming for the same goal, which is the protection and the sharing of our heritage, and, to do that, we are operating under this model.

Investment in the heritage assets and maintaining those assets for the nation is an important part of our job—that is the traditional heritage piece—but it is also about having expertise from a commercial perspective. It is about our teams with that perspective using the assets to generate income for reinvestment. They are two slightly different cultures, but they can sit alongside each other. I recall being in front of the Public Audit Committee in the previous session of Parliament and saying that we cannot put on a hair shirt when it comes to some of our approaches to commercialisation. It is about using that expertise to make sure that we deliver a fantastic visitor experience and then using that fantastic delivery to generate income for the sector.

Ronnie Hinds: The question is well put, and it goes to the heart of my comments about the cultural tensions in the organisation, which need to be resolved. Part of how we do that will involve having a better strategic and long-term view about the funding of the organisation. Until recently, that has been addressed annually, which means that you do not really have the space to have a sensible conversation about how to strike a proper balance between—to oversimplify—the commercial and conservationist aspects of the organisation's role. Hitherto, my understanding is that that has been competitive—to put it nicely—rather than collaborative. That tension will always be there; it just does not have to be unhealthy. The leadership of the organisation needs to have a better strategic conversation about longer-term funding, and the reality that Stephen Uphill has described will be part of resolving the cultural difficulties that the organisation has been through. It is one strand, but it is an important one.

Colin Beattie: Is there merit in separating the two, with the heritage within one organisation and then a trading arm, which would be entirely separate? You might need that for tax anyway, but would that be a solution to the problem?

Ronnie Hinds: It could be, but to me that would be ducking the issue. People who work as public servants and who have a focus on the purpose of the organisation for which they are working should be able to come to a collective view about a range of responsibilities, even if some of them are apparently in some tension. That is the kind of professional conduct that we need in HES. Separating them into different organisations would just move the tension somewhere else. We should be capable of addressing that tension constructively within the confines of a single body.

Stephen Uphill: Mr Beattie is absolutely right—for tax purposes, we have a trading company, which is a wholly owned subsidiary. Also, as part of the portfolio structure that is suggested in the Martin review, one suggestion is to have more of a focus on the enterprise, commerciality and engagement piece. The two aspects are different but, as Ronnie Hinds says, they can co-exist in the same organisation. There is a common purpose.

Our purpose as HES is not only to maintain that heritage and the assets that are owned by Scottish ministers but to share them for the benefit of the nation, in terms of people's interest in the culture sector and heritage in particular, and to have an economic impact and drive impact. That is absolutely essential. If you read the recent "Scotland's Historic Environment Audit" report or "Our Past, Our Future", which covers the sector as a whole, you can see the enormous impact that heritage and the culture sector have on wellbeing, as the cabinet secretary mentioned a couple of weeks ago. We need to bring together the technical expertise to maintain those assets with the commercial expertise to generate an income and economic impact.

Colin Beattie: To move on to something slightly different, a key item in the "Our Past, Our Future" strategy that was developed was about empowering "resilient and inclusive communities", with one outcome being the upskilling of organisations that are involved in caring for the historic environment. How is that being implemented?

Stephen Uphill: We engage with local communities on the assets that we have and how they can access and share in them, and in particular we work with volunteers and friends groups, who have that passion for assets locally. That is a demonstrable piece.

OPOF is not just about HES; it is about the sector as a whole. Yesterday, I attended my first

meeting of the OPOF steering group, which includes organisations such as the National Trust for Scotland and NatureScot, and it brings together a heritage sector strategy and a national strategy. We all play our part in engaging with communities on that.

On upskilling, HES is the provider of major skills development and training for the sector, including heritage skills such as stonemasonry and thatching, which are not provided in the normal college sector. That helps people to understand how to care for heritage. Our technical teams release guidance documents and provide training on how to look after buildings.

The pre-1919 estate in Scotland is huge. It is not just HES that is looking after those buildings; various other bodies have responsibility for the owned assets, and therefore for sharing best practice in reuse and retrofit. Just outside the Parliament, the Holyrood lodge, which is almost an island outside here, has been completely retrofitted to bring it up to a modern spec without trapping moisture. I had the pleasure of looking inside. I am an accountant by background, so it was fascinating for me. Some wall panels have been left there, so it is possible to see the layers of retrofit that have been put into the building. We share that sort of knowledge with local authorities, individual groups and preservation trusts to help them understand how to preserve buildings.

Jenny Young (Central Scotland and Lothians West) (Lab): Good morning. The first area that I want to ask about is the use of electronic purchasing cards within the organisation. When you were before the Public Audit Committee in February, you said that the organisation had 400 cards. Are you able to advise us of the updated figure?

Stephen Uphill: Yes. As of yesterday, when I received the report, we had reduced that number by 108, so we are around the 300 mark. As you will know from the work of Parliament's Public Audit Committee, we carried out a complete review. I think that it was Mr Beattie who asked the question about procurement cards at the time. The reference to that in Audit Scotland's section 22 report came from an internal audit report that we had already carried out. As a result, we reviewed the use of the cards and how they were deployed.

Due to the press attention attached to the issue, some of our staff handed in their cards because they did not want to be accused, potentially, of doing things wrong. That is really sad. As we said at the time, e-procurement cards are a way for a geographically dispersed organisation such as HES to enable its staff to make decisions on the ground, for instance by making purchases in local DIY shops to help to maintain the estate. There is

therefore a somewhat sadder story behind that reduction in cards. However, we have reviewed the situation, and we have put controls in place to ensure that the individual spend limits on those cards are suitable for future processes.

Jenny Young: Thank you—that is helpful.

I would just note a kind of inconsistency across the public sector. Mr Hinds, you were previously a chief executive of a local authority. Before I was involved in politics, I was a teacher. I could not buy a box of pencils without approval from my head of department and the office business manager. That is not to say that that was wrong, but I would observe an inconsistency there.

Although staff may have felt upset about being in the headlines and so on, I would say that there is a slight issue with what appears to have been unrestricted spending without checks. I want to emphasise that point.

I am glad to hear what you have said, Mr Uphill, about the changes that have subsequently been made. Is there now a formal policy on those purchasing cards? I do not think that it has been updated since 2019. Has that been put in writing?

Stephen Uphill: There is indeed a policy: the policy has been reviewed and put in place. There are controls on the limits for an individual card, and the transactions and the process have been updated. As with most of the actions from such reports, the next stage is to understand whether they have become embedded and validated.

Jenny Young: I also want to ask about broader governance issues. I think that it was you, Mr Hinds, who talked about failure of oversight, including from the Government. The first thing that I am interested to know is, how often does the board meet?

Ronnie Hinds: The board meets every two months.

Jenny Young: Beyond the board members, are Scottish Government officials present at every one of those meetings?

Ronnie Hinds: They are, but that is a function of the unusual circumstances that HES has endured for the past couple of years. I would not expect that degree of attendance by Scottish Government officials at board meetings under normal circumstances, but it has been helpful in addressing some of the issues in the organisation. Their understanding of what HES is, what it does and some of the problems that it faces is deeper as a result, but I would not normally expect to see Scottish Government officials at a board meeting every time that it meets.

Jenny Young: What discussions have you had with the Cabinet Secretary for Education, Culture

and Gaelic? Has she attended a board meeting since May?

Ronnie Hinds: Not yet; she is scheduled to attend the meeting in two weeks' time.

Jenny Young: I am slightly concerned about Scottish Government officials not regularly attending every board meeting because, over a period of six months last year, the Government seemingly failed to spot that there was no accountable officer. If Scottish Government officials had been attending those meetings, that would surely have come up in discussion.

I would welcome your reflections on the issue. How do you see that oversight, and perhaps that broader relationship and communication with the Scottish Government, developing going forward? It clearly broke down catastrophically last year, to the extent that it did not spot that there was no chief executive. Do you have any reflections, Mr Hinds, on how those relationships and that interaction could be improved?

Ronnie Hinds: I am happy to comment on that. In relation to the specifics of the accountable officer, again, I was not there, but my understanding of the events of last summer, which is what we are talking about, is that the Scottish Government knew that the accountable officer—the chief executive—was off sick for a while and then was suspended for a period. Therefore, there was knowledge that the accountable officer position was not being actively filled.

Jenny Young: However, there was inaction; nothing was done about that.

Ronnie Hinds: Yes, but coming back to your point about the board, officials would not have had to be at the board to know that, and they did know that, despite the fact that they did not come to the board all the time back then.

On the wider question about the nature of the role, I did not say that I did not think officials should be there; it is just not what I have found in other organisations. If an organisation is conducting its business and doing so well, there should not be a need for the Scottish Government to be there unless it particularly wants to be.

The wider context is the framework agreement that we now have with the Scottish Government, which I think was signed off two years ago. I have obviously read that and thought carefully about it. It seems to me that it is a good example of how the relationship between the Government and a sponsored body should operate.

We are in exceptional circumstances just now, and I have no problem at all with the degree of involvement that we need to have from the Scottish Government. However, as I hope that

recedes behind the organisation and we move into a more steady and stable state, there would be different kinds of engagement with the Scottish Government. For example, the chair and the accountable officer/chief executive would meet regularly with senior Scottish Government officials and, on a less frequent basis, with the cabinet secretary.

That would be my picture of a normal relationship and state of affairs, and that should be satisfactory when the organisation, as I say, is in a steady state. However, that is not the position that we are in just now.

Jenny Young: Thank you for that. From reading the papers and what has gone on, it is clear that there were breakdowns in relationships between the board and senior leadership, but also between the board and the Scottish Government. As you look to recruit a new chief executive, and there will be new members of the board as well, what reflections do either of you have on how you can ensure better relationships between those parties so that such a catastrophic breakdown does not happen again?

Ronnie Hinds: We both probably have something to say about that. In fact, there have been appointment panels for the permanent chair position and for five new members of the board. I was a panel member for the chair position, and I had some oversight of, and insight into, what was happening with the members of the board. That process is already under way, and those appointments will be declared soon. Those people will come into post once there is a sensible handover arrangement between me as the interim chair and the incoming chair. That is where we are at present.

I will offer a deeper reflection on the nature of the public appointments process, based on my experience not just with HES, which is still in its infancy, but previously with the Water Industry Commission for Scotland and, before that, with the Accounts Commission.

10:00

Improvement can, and should, be made in the public appointments process in relation to the non-executive appointments—that is, ministerial appointments.

The focus on the competence of individuals who present themselves for appointment is understandable and justified; we want to make sure that we are appointing people who have credibility and competence. However, my sense is that we do not always get behind that, if you like. If a person is skilled at interviews, they can turn up and answer the competence-based questions because they know what they will be, as they are

set out in the person specification, which candidates will have read. If, however, we want to find out more about candidates, we have to get into their individual circumstances a little more and, in my experience, that has not always been done as thoroughly as it should be.

One aspect of the public appointments process is the fit-and-proper-person test, which I strongly advocate. Until quite recently, however, my experience of taking part in these panels was that we asked a question on, for example, candidates use of social media use, and the answer was simply yes or no. I have observed that there is now a move to explore that a little more deeply and to understand a little more about the character of the individuals concerned. However, there is scope for that to go further.

My final observation is that we have to bear in mind the particular circumstances of the organisation to which the appointment is being made, because that is how you get a good fit. I have seen some poor fits as a result of competence-based interviews that assess whether people are capable but not whether they are the right person for that role in those circumstances. That is important. I believe that the Ethical Standards Commissioner is looking at that just now in order to augment the process. I welcome that, if it is true.

Stephen Uphill: Ronnie Hinds' experience as a non-exec, including in Scottish Government, is beyond doubt.

I serve as a non-executive director of a Government agency, which is not a public appointment, so I do not have that experience. However, for me, coming into the organisation, it was very useful to have Scottish Government officials at the board, as Ronnie said. It enabled them to understand the nature and complexity of the organisation and the detail of the difficulties that it was facing. That helps us to move forward together and understand the roles that we can play.

It also helps to inform recruitment when we are recruiting the skills that the board needs, as officials can observe matters independently, bearing in mind that Government officials sit on those panels. Ronnie was on the chair appointment panel, and I believe that sponsor group officials were on the board member panel. That is very useful.

The next stage beyond that, if we can get the right skills, attitude and temperament into the board, is about understanding the separation of responsibilities among the Scottish Government, the board and the executive. That is important, because they should all work in unison while taking responsibility for their respective roles.

I look forward to their participation, and I hope that we will get to a point at which we have a strong board that can provide support, guidance and strategic direction to the executive, and a strong executive team that can lead the organisation forward.

Jenny Young: My final question is about a broader look at the issues.

Mr Hinds, you mentioned that you were also brought in as interim chair of the Water Industry Commission for Scotland, which is another public body in receipt of taxpayer money that has had its own challenges, to put it very mildly. That was obviously a different situation from that at HES, but there were also issues around the use of public funds and the conduct of senior leaders. There was also a degree of organisational breakdown. This is not the first time that you have had to come into an organisation in turmoil, shall we say.

Do you have any reflections on the ways in which such bodies are run or overseen that might allow individuals to take advantage of situations or of their position, or to go unchecked for a considerable period, at considerable cost to the taxpayer?

Ronnie Hinds: I suspect that I have already offered some reflections, because the appointment process plays a part in all of this.

I did not talk about the executive side of the appointment process, because that is not a ministerial responsibility. The type of bodies that we are talking about here—large bodies, in particular, that command a lot of public resource—must conduct good appointment processes for senior positions such as chief executive and executive director. If they do not, the problem can start there, and it is quite difficult to row back once an inappropriate appointment has been made.

I must be honest: I cannot generalise too much about this. I have experience of a range of organisations but quite particular circumstances were brought to bear in each case.

You mentioned WICS, so I will briefly talk about that. The same kind of historical roots that apply at HES applied at WICS, as I tried to say earlier. There was a legislative change in 2005 that replaced the previous arrangement, under which there was a single water industry commissioner with a team that he appointed, with a commission of non-executive members and a chief executive, who was the same person who had previously been the commissioner. The tension was written into the script; it took a long time to come to the surface, but, when it did, that was what people became aware of two or three years ago.

I genuinely believe that that difficulty was never resolved in the intervening period. There was a

chief executive who thought, “I don’t see why I should be working with an organisation called the commission. I was doing the job perfectly well beforehand”, and there was a commission that had difficulty exerting the authority that a board needs to exert over an individual. That was the story of WICS.

A comparable story might lie at the root of what is going on at HES, because, if you merge two bodies through an act of Parliament and leave the tensions that might be inherent in the new organisation to be sorted out afterwards, you run the risk that that will not be done particularly well. I am trying to say that follow-through is needed. Once you get past the point of creating a body, you have to follow that through, which brings responsibilities not just for the people who work for the body but for the Government—through, for example, the role that Scottish Government liaison officers have with HES.

Jenny Young: Is there is a risk that that will happen again? To take one example, yesterday, the Government announced that it is looking at rationalising the councils into six regional bodies. Is there a risk that the same strategic or leadership dynamics could proliferate?

Ronnie Hinds: If, two years ago, when I was the interim chair of WICS, and before public sector reform took the form that we now recognise, you had asked me whether there was a risk that some other body would suffer the same difficulties that I saw WICS suffering, I would have said yes. I knew nothing about HES, but the problem is systemic, in ways that I have tried to describe, in aspects of the relationship between the different public bodies in Scotland and the Scottish Government, which is the ultimate authority for them all. There are difficulties that have been addressed more than once. Things have got better but not adequately enough to prevent situations such as the one at HES or, for that matter, at WICS from arising.

Jenny Young: Thank you—that is helpful.

The Convener: We strayed just a little bit beyond the committee’s remit there.

Ronnie Hinds: I tried not to speak about local government.

The Convener: Undoubtedly, there are lessons for not just local government but the wider public service reform agenda in all this, as well as some warnings for the Government’s programme. I note that some of the issues that were raised about the extent to which the Government is involved in HES board meetings are questions that we will come back to with the Government. It will be for the Government, I assume, rather than for HES to make decisions about the extent to which that is

changed or when HES might return to a more normal way of working.

Ronnie Hinds: I think that that would be a conversation, convener.

Keith Brown (Clackmannanshire and Dunblane) (SNP): I thank both witnesses for the work that they are doing just now. You were probably not expecting to be questioned on local government reform, but there you go. On public sector reform, let us hope that WICS does not go down the route that has been taken in England and Wales, with private water companies, because that is a whole other ball game.

As a caveat to my question, I note that you are both in interim positions, so I wonder how much you can affect the forward direction of the organisation. For a number of years, I have been concerned—this is almost the opposite of what Colin Beattie asked about—that the obvious troubles at HES have prevented a proper focus on the commercialisation and exploitation of the assets that it holds. I know that this will be some way down the line, but I will give a few examples.

There are two Alexander Graham Bell visitor centres in North America. He was born in South Charlotte Street, in Edinburgh, where there is an engraving on a stone and nothing else. It is right around the corner from the Johnnie Walker experience, but we do not exploit it at all.

In my constituency, we have Clackmannan tower. This issue came up before the obvious problems, but it is listed by HES as being open but has not been open to the public for years. Work has been done to make it wind and watertight, but it has never been open. Apparently, Robert the Bruce held an early Parliament there, in the 14th century. Cambuskenneth abbey is also in my constituency. It is an incredible asset; it is where Bruce went with his army after the Battle of Bannockburn. I recently inherited it in the new boundaries of my constituency and, having visited it, I can say that there is nothing pointing to it at all, but there would be interest in it.

On the one hand, it is important that HES changes its attitude and looks for the niche interests. Another example is Badbea, which is up in David Green’s area, it is where people were cleared to the edge of a cliff during the clearances. It is a desolate and tragic place, but there would be huge interest in that internationally. However, there is nothing there to highlight it.

I go back to the point that was made before about how we can marry up two things: preserving the heritage that we have and properly using it for profit—and I do not think that profit should be a dirty word in this context. In 2005, we took William Wallace’s sword from the Wallace monument

across to New York and called it the Braveheart sword. It got huge attention, and the increase in visitor numbers at the Wallace monument—which, thankfully, is now back in my constituency for the first time in years—helped pay for the refurbishment of the visitor centre at the monument. That is how those two things can sit together. We can use profits to upgrade and protect the assets that we have.

However, I am not convinced at all that there is impetus for that or that that is the existing culture. I am interested in your views as to whether you have found that to be the case. There must be assets around the country that we could use more effectively.

Only during the past few years have Americans started coming back in real numbers. Do you do anything at the Edinburgh festival and fringe to get people to go further afield and visit places such as those that I have mentioned? Do you think that that culture is there, or are there signs that it might be there in future?

Ronnie Hinds: I will repeat what I said earlier. After 10 working days, I am not going to profess to be an expert, and I genuinely did not know a great deal about HES before I accepted the role, so I am not going to pretend otherwise now.

I will say that resources are stretched for all organisations, and HES is not an exception to that. Therefore, the focus might be on the other 300-odd assets that make up the bulk of HES's physical estate at the expense of the ones that Keith Brown referred to. When resources are tight or there is competition, there will always be situations like that.

However, I do not believe—and I am leaning heavily on David Martin's review here—that HES is absolutely strapped for resource. HES is well resourced, and the vibrancy from the income on the commercial side, which Steve Uphill referred to earlier, gives me confidence that that can be sustained into the future.

So, for me—abstractly almost—what is missing is a properly focused strategic conversation about what matters and the priorities that we need to get to that point. We do not have that at the moment. We have got competition for resource, and some things that warrant attention are not getting it because the work is not being dealt with in a coherent and strategic way.

I offer as a reflection, and hopefully it provides assurance about the future, that if HES's transformation programme is successful—and I believe that it will be—there will be a better answer to questions about why X asset receives investment and not Y asset. However, Steve knows more about the specifics than I do.

Stephen Uphill: Yes, and I will reflect on Clackmannan tower, which is in Keith Brown's constituency. Interpretation is everything. That site is open for guided tours, but there is significant risk inside the building, and we have to ensure that we keep our staff safe and the public safe while they are sharing that heritage. However, there are bookable guided tours, which are chargeable, which brings in some income to HES. It is a very small amount compared to the cost of running those tours, but it means that we are sharing that asset.

We always have to find the right balance between the cost of caring for such monuments and the ability to commercialise. Like Ronnie Hinds, I did not really know much about HES or have a background in heritage when I joined, but what I have noticed since joining is that there is almost a reluctance in the organisation to push some of the commercial things that you mentioned. However, I think that that is coming, and I can reflect on some of the meetings that I have had with our marketing and engagement team, as it is called at the moment, about opportunities to drive that commercial income.

However, there is a balance to be struck between investing money in caring for the assets—that is our core purpose—and investing money to make more money through creating strong visitor experiences, hosting events and promoting our assets and their use. There is a tension there, which we have referred to several times.

We are responsible for looking after more than 300 properties—everybody knows the big ones. Edinburgh castle, not very far from here, receives 2 million visitors every year, and that will not change, in my view—as you say, the American market is growing. Stirling castle receives 600,000 or 700,000 visitors a year. We need to make more of that potential income through holding events, promoting our assets and so on. We can drive our income on the basis of sharing what we do, but we will also have that tension that I mentioned, and people who are more focused on the traditional activity of conservation and preservation are nervous about that. A balance needs to be struck, but that is the business model we have, and we must explain to the wider culture sector, local communities and our staff that, in order to be able to look after these properties in the future, we need to generate income and be bold about doing so. As you say, profit should not be a dirty word. It pays for the good work that the heritage teams do.

Keith Brown: From my point of view—this will probably go beyond your time as interim appointees—there should really be a root-and-branch review of all the assets that HES is responsible for, and we should find out whether

there are any groups, such as clans overseas, that are interested in certain properties, so that we can tap into that interest by holding events, as you just said, Mr Uphill.

You mentioned that Edinburgh castle is hugely successful. I am interested in how its audience spreads out to places such as Stirling, for the benefit of the rest of Scotland.

On the point that Mr Hinds made, if there is competition for resources, which there always will be, one of the remedies for that is to increase the resources that are available to you, and some imagination and drive behind that would be welcome. However, I am not dismissing the importance of looking after what you currently have. In relation to that, in Stirling, the council has developed a number of sites around the battlefields of Bannockburn. HES has now agreed to come on a site visit to one of those sites, where the English army gathered before the battle. However, when HES was consulted on the project by the council, it had nothing to say about the importance of the site—it just nodded it through. The issue with that is that the council would have been looking to HES to provide advice based on its expertise about what it is important to preserve. Looking after such sites is important. Have you found any evidence of the issue that I am talking about, in the short time that you have been in your role?

Ronnie Hinds: I will take a quick stab at that. I have managed to speak to one or two people in the time that I have been in post, and I have detected an awareness of the point that I think you are making, which is that our role in such planning issues involves the fact that we have very specialist planning expertise, and there is an awareness and a readiness to make that more available to counterparts in local government, which you would expect me to pay attention to, given my own background, because planning as a function has been pared back in councils, too. We can make a better fist of things if people combine their expertise and resources, and I think that HES could do a lot more in that regard. HES is well aware that councils will look to us for that kind of specialist knowledge and welcomes the opportunity to work more effectively there.

I would broaden that out to the commercial side as well. You are right to point out that there are opportunities to grow our income streams, bring new ones to bear and augment the ones that we have already got. One of the attributes that we will be looking for in the senior positions that were asked about earlier will be that kind of commercial acumen, so we have got that more readily available in the organisation and it can be used in a more coherent way, as opposed to there being a commercial bit of HES and a heritage bit of HES,

and never the twain shall meet until we put a budget together. It will not be like that if we get the right people in there.

There is scope for better partnership arrangements, and I have already heard from some of our sister bodies in the cultural field about the need for HES to be more present in some of the strategic discussions about partnership, particularly when we are talking about significant levels of investment in assets. We cannot just think about what we can come up with from our resources; we have to consider what combined resources we could bring to bear if we had an agreed set of priorities and a plan to try to realise them. At the moment, because of the difficulties of the past two years, we have not been paying enough attention to those opportunities.

Stephen Uphill: I will turn to some more practical things. In terms of designations, we have a statutory role in relation to 55,920 protected historic places. That is quite a broad remit, and the ownership of those places is spread outside of HES, with some places belonging to local authorities and others. We deal with 95 per cent of our regulatory activities within our service agreements, and we object to only between 3 per cent and 5 per cent of cases a year.

There is a perception that the designations are a barrier to development. However, although the HES team is focused very much on protecting our heritage, it is also focused on ensuring that those places contribute to the economy through reuse or regeneration. That is where our expertise comes in, not just in relation to regulatory activities but in relation to technical issues such as retrofitting, which I mentioned earlier. HES has a strong role to play not only in protection but in encouraging ways to be found to bring the Scottish pre-1919 estate into economic use, whether through addressing the housing crisis, generating additional income from tourism or whatever.

We are a grant-giving body, so we work with the city heritage trusts, which we fund to work within local authorities to protect heritage assets. You mentioned Bannockburn. That is not one of our sites, but, from a designations perspective, we would work with the local authority to advise it on what is or is not acceptable from a technical perspective.

Senga Beresford (South Scotland) (Reform): Good morning. Mr Uphill. You have been in your role since December 2025. Of the 30 recommendations that are in the review, how many have been completed as opposed to being under way?

Stephen Uphill: I am afraid that I do not have that number for you. What I can say is that some of the recommendations in there are for the board

and some of them are for the executive of the organisation to deploy. In the transformation programme, we are considering not just the recommendations from the Martin review but those from our internal audit reports and the section 22 reports in order to build a programme of change. It is not about ticking boxes to say that particular recommendations have been addressed; it is about a direction of travel that will bring HES back into the position it needs to be in.

Earlier, the convener asked about recruitment. The second agreement with the board is that we will now go out to the market to get some professional support to set up the structure to take those actions forward, and we will then engage with the wider organisation to deliver on those.

I do not have a tick-box answer for you, I am afraid, but we are taking all of those recommendations and the recommendations from other reviews into the transformation programme.

Senga Beresford: Your submission refers to the equality audit. The Parliament researchers could not find it publicised anywhere. Can you provide that to the committee?

Stephen Uphill: It has not been published, and the reason for that is that it was an independent report commissioned from Diversity Scotland, which worked very closely with our staff. There is a degree of privacy involved in staff sharing their experiences. The executive and the board accepted the findings of that report and the statistical results, and we have put together a programme board working with executive sponsorship and working with various groups within the organisation to take forward some actions from that, including various training initiatives and so on.

The Convener: Can I just probe that a little further? If the report itself cannot be published, for understandable reasons, can you share with us the list of actions that you mentioned or the statistical findings from it? Is any of that shareable?

Stephen Uphill: It is. It is published on our website and I can share summaries of the programme actions with the committee after the meeting. I do not have them to hand now, but I can do that.

The Convener: That is helpful.

Senga Beresford: Mr Hinds, the Auditor General found that your board was given no paper scrutinising the cancellation of the Archive house storage project, on which £2.9 million had already been spent, and that that decision was not clearly minuted. What is the financial threshold above which a board paper is now mandatory and what rule was adopted?

Ronnie Hinds: I am not sure that I understand the idea of a financial threshold. Can you help with that?

Senga Beresford: It was not audited. Is it now minuted and is there a threshold that has to be reached before it gets set?

Ronnie Hinds: We have a scheme of delegation that sets out which part of the organisation has authority or responsibility for decision making on a range of matters, including financial ones. That scheme was, I think, put in place after the difficulty with Archive house. Stephen will correct me if I am wrong, because my history is not perfect yet. I imagine that, because of that, there would be no dubiety about the fact that a decision of that magnitude would have to come to the board. In fact, I know that, because it came to the only board meeting I have chaired so far, so that we could make some decisions about what to do next about Archive house.

I really cannot speak about why that particular thing went wrong four years ago, but it seems to me to be in line with some of the points that I made earlier about the lack of oversight from the board. It seemed to be the case that people felt they could take decisions that resulted in expenditure of £2.9 million or more on the Archive house project without any recourse to the board worth talking about. I think that the board found out late and did something about it at that point, but all that it could do was to pause that programme until Steve Uphill brought a report to the board back in August. That is where things stand and we will try to move forward from here.

I cannot offer any excuses for that, because I think that it is inexcusable and the Auditor General is right to point that out in his report. That is one of the priority recommendations from the section 22 report that I have seized on even in the short time that I have been here, because we have to do something about that particular building and issue and because we have to demonstrate better governance if we are going to take forward a solution to the archive issue that we still have.

Senga Beresford: Are you saying that change will be implemented?

Ronnie Hinds: We have started to do that. We have a report that we can base our work on and we are in discussion with the Scottish Government and others about how to fund a proper solution. Lessons have been learned about how that went wrong and governance will be put in place for whatever project is taken forward to find a proper home for our archives.

Senga Beresford: Your appointment is for up to six days per month. Is that enough time to chair an organisation with 1,600 people working through 30

recommendations for transformation and have you asked ministers for more time?

Ronnie Hinds: That is not enough time with HES in its current state and I am working probably more than six days a month. Six days would be enough in a steady state. HES is a big organisation but not a huge one and it is complex but not complicated. Once I have a grasp of what the organisation is there to do, I see no reason why it could not be chaired on that basis.

My own personal circumstances mean that I simply could not commit to more than one and a half days per week because of other things that I have going on, and that was the basis on which I accepted the invitation to become the interim chair. I am doing what I can in the time that is available to me and I will certainly ensure that there is a proper briefing when I hand over to a permanent chair so that we do not lose momentum. It is important to stress that we have just begun to generate a bit of momentum in the transformation programme that Steve Uphill will be leading and it is vital for HES that that is not adversely affected by unavoidable changes to the board and to governance. In my position as interim chair, I will ensure that I hand over to any incoming chair in a way that allows them to hit the ground running.

Senga Beresford: That is good; thank you.

10:30

David Green (Caithness, Sutherland and Ross) (LD): Thank you very much for coming in this morning, Mr Uphill and Mr Hinds. I associate myself with some of the questions about the equality audit and governance arrangements that Jenny Young asked. Those are important issues and I appreciate your answers.

I will follow on from Keith Brown's line of questioning about the commercial value of some of your sites, in particular Urquhart castle on Loch Ness. I understand that it is one of the key destinations out of all the sites that you look after but, if I drill down into publicly available information about site-level accounts, there are a number of questions about visitor numbers, income, operating and maintenance costs, capital investment, future plans, local employment, procurement and the wider supply chain. I cannot access that information, which makes it quite challenging for the local community in and around Drumnadrochit and the wider Highlands to understand the castle's economic return and its success. Do you recognise that issue?

Stephen Uphill: There has historically been a challenge with identifying the financial viability of individual assets. The finance team and commercial team are working on that. As I said, I am an accountant by background.

We are talking about profit and loss for particular sites. To pick up on Mr Brown's point, there are key assets—Urquhart castle is one of the top five, as we refer to them—that make money, which helps us to sustain the sites that do not have the footfall to do that. We have to maintain the balance and, where a local community knows that an asset is making good money, there is always a challenge with whether we reinvest it locally or across the entire estate for which we are responsible.

I am sure that, within reason under commercial confidentiality, I can get the team to update you with some information on Urquhart castle afterwards. I had the pleasure of visiting the site a month or two ago. The team does some fantastic work in a challenging environment. You will know the challenges that we have with traffic. The team has worked hard on managing those. There are also challenges with the elevation of the site. I will just say that I learned more about toilet pumps than I ever wanted to.

David Green: I have no follow-up questions on that.

Stephen Uphill: I do not want to follow up on any of that, but it brings to the forefront the challenge of reinvesting in those assets. It is not about maintaining the stonework but about putting in toilet pumps so that visitors can have a decent experience when they go there and we can generate the income.

As is the case in many areas and with many of our assets, the relationships with different parts of the local communities vary. We have some strong engagement. Our north team has worked hard on that.

David Green: There is an argument about how the site can be maximised. It could be used, for example, for weddings, outdoor theatre, other cultural events or seasonal events. Do you acknowledge that there are more opportunities on the site?

I will follow on from some of your comments about the relationship with the wider community. On the back of legislation in the previous session of the Parliament, the Scottish Government has talked at great length about community wealth building. There has been an argument locally about whether we can get a fair share of the opportunity that exists. Will you unpack a bit more how we can have a more transparent debate about where the profit goes? It could go to a number of other sites, but there is also the community relationship to consider.

Stephen Uphill: I recognise the opportunities, particularly at Urquhart. I do not know whether you are aware, but the marketing and engagement team has located a secondary retail site—better

known as a tuk-tuk—down on the grass near the castle. We are trying to service and generate more income from all the footfall, rather than just the visitors who filter through the top. People who come in off the boats go straight to the castle, so we now have a small retail facility there as an experiment. Our team is coming up with ideas for how to maximise income.

The local teams engage with the community side and cultural events such as theatre, but there is always a balance between whether we treat such things as events and rent the site to a group, or treat it as part of community engagement. The local teams work on building the relationships and sharing the asset while recognising that, if we were to hand over the site to a community event, that might reduce our income from it, which we use elsewhere. However, there are certainly opportunities across all our sites. We are addressing the nervousness about driving the event income, which I mentioned in answer to Mr Brown's question. The team is conscious of it.

David Green: That is helpful. There is definitely an appetite for that conversation to grow, and I am sure that Inverness Chamber of Commerce and others would be keen to engage with HES on that.

I want to touch on the ownership arrangements at Urquhart castle. I understand that, since 1913, there has been a guardianship arrangement. That arrangement is quite distinct from the position with Edinburgh and Stirling castles, which are owned by the Scottish ministers. It has been put to me that there is not a lot of clarity on that and that the guardianship deed and title record should be re-examined. What would you say to that?

Stephen Uphill: I recognise the term "guardianship", but I do not know who the legal owners of Urquhart castle are or whether those records exist. From a HES perspective, the asset is in the care of ministers, and we are tasked with looking after it on behalf of ministers.

David Green: Are you confident about the long-term arrangement and that there is not necessarily any need to provide greater clarity.

Stephen Uphill: From my perspective, that is not needed, because we are clear that we look after the castle on behalf of ministers. There are situations in which we need to engage with the owner of a property, but the decision to put something into guardianship involves a transfer of that property, even if legal ownership does not change. The position is that HES looks after that property on behalf of ministers. Generally, guardianship is provided when an asset has a heritage value and the owners cannot maintain it on behalf of the nation, so we do.

David Green: I have a more precise question. I recognise the traffic issue that you mentioned. You will be very aware of the issue with congestion. If you drive past the car park at Urquhart castle, you will see that it is fairly minimal, so could arrangements be made for a shuttle bus to run from Drumnadrochit? Could you expand on the options and opportunities for greater commercial viability?

Stephen Uphill: The local team has done a few things, including work with the local police. When I visited the site, local police were making visitors, most of whom were foreign tourists, aware of the fact that we drive on the left and were telling them to remember to look in the right direction when they come out of the car park. That tends to cause most of the issues.

Visits to Urquhart castle, particularly in the peak season, are pre-booked. We have a filter lane to deal with traffic, and members of the team are quick at sending people who have not booked back out through the coach park and back into Drumnadrochit. That is how we try to manage the peak flow. From a commercial perspective, for the benefit of the organisation, that takes people back into the town. From a HES perspective, that allows us to manage our visitor flow. In Urquhart, our ambition is not so much to substantially increase footfall as to get more from individual visitors.

David Green: That is really helpful. I have a final question. I appreciate the engagement on community wealth building, and I am keen to follow up on that, as, I am sure, the communities that are watching our exchanges would be. The visitor centre opened in 2002, more than 20 years ago. We have discussed a number of issues related to accessibility, integration with the community and the expansion of some events, and it strikes me that, 20 years on, given everything else that is happening at HES, there is an opportunity to have a strategic review of that specific site. Is it worth having a conversation about that?

Stephen Uphill: That could apply to any site. We need to understand how to maximise the return from our key assets, one of which is Urquhart, as I said. That speaks to Ronnie Hind's point about the need to balance the investment, because there is almost bidding between investment in maintaining the heritage asset and investment in the commercial visitor experience, if I can refer to it in that way. The key is long-term strategic planning not just for individual sites but for HES as a whole and all the properties in its care. As the new business model beds in, we need to think about long-term strategic financial planning and the funding for that.

We provided feedback to the PSR group on our business model and how it might be used by other

public bodies. One thing that we would flag is that, although we have the ability to retain surpluses in the year, as I said, we first have to make a surplus. The second thing to flag is that, although we are ostensibly a commercial organisation in one part, we do not have the ability to borrow. However, organisations such as those in Ronnie's background and local authorities have that ability, and we can perhaps work on that in partnership at a local level.

Pauline Stafford (Bathgate) (SNP): I draw members' attention to my entry in the register of members' interests. I am a sitting councillor in West Lothian Council.

I want to go back to the point about the equality audit. We talked a lot about trust, and Mr Uphill said at the opening of the meeting that this is, in essence, about people. I imagine that there is a lot of trust to be rebuilt with your staff, some of whom I met yesterday by chance on a local visit. They were incredibly knowledgeable and dedicated to the site that they were stewarding.

Given the fact that the committee could not get a clear picture of what happened with the Diversity Scotland equality audit, it would be helpful to have something concrete saying that that has been done. I appreciate that you are not in a position to publish that audit, but HES is in a really important position. You are telling Scotland's story, and whose story you tell and in what way is at the heart of what HES should be prioritising. Because there have been very serious allegations of racism, that is really important.

I appreciate that you have committed to getting back to the committee on those actions, but, in relation to timescales, is the equality audit a priority for your board at the moment?

Stephen Uphill: Absolutely. I believe that you visited Cairnpapple hill yesterday, which is just up the road from Linlithgow, where I stay.

Pauline Stafford: Yes. I was making a plug for my constituency.

Stephen Uphill: Thank you for the feedback. A great local regional team covers Cairnpapple, Linlithgow palace, Kinneil house and Blackness castle, so I am glad you enjoyed it.

I will share the information from the equality audit as much as I can with the committee afterwards, but, yes, absolutely, it is a priority for us. As I said, we have a programme board that is already taking actions from that. I will provide that detail to you.

As I said in reply to the previous question, the transformation programme is not just about the 30 recommendations from the David Martin review; it is about the equality audit, the section 22 report

and all of our internal and external audit points as well. We are not dealing with the issue in isolation. The feedback from the equality report was horrific, and we absolutely need to action that. We have accepted that as an organisation and as a leadership team, and we are actioning it in partnership with various representative groups.

You mention racism, but the main thing is inclusion in general—inclusion of our staff in the organisation and in terms of an openness. I would love to be in a position where our staff feel that they can talk about issues and bring forth problems without writing anonymously to the convener of the committee or phoning up the local press. It is very difficult when a large number of our staff are subjected to that and understand that things are happening by reading the papers. It is a difficult situation for them. We need to get to a better position whereby we have inclusion in terms of people contributing and feeling able to raise issues in the knowledge that they will be addressed properly.

The flipside is that, as I said, it is about people. We have investigate things properly and understand that there are always two sides to a story.

Pauline Stafford: Absolutely. Thank you for that. It was helpful.

I will pick up on your point about staff. A lot of this has been played out publicly, which I imagine has damaged morale. Will you comment on staff morale and what supports you have put in place?

Stephen Uphill: We conduct a staff survey, and there is one currently live. It opened at the beginning of September and closes at the end of September. Do I expect the results to be pretty? No. We are still reeling from the past year or two and staff are still in a position of uncertainty.

The Martin review suggests change, which we are not able to articulate at the moment, and that creates uncertainty. I am sure that that will drive some of the comments in the staff survey. Absolutely, though, we need to understand where those pockets of anxiety are and address them as part of that transformation, as you did on your visit and as I have done since I have been in the organisation.

I think that I have used the phrase several times, but there are 1,800 full and part-time staff in HES and 300-plus volunteers, and 99 per cent of them come to work every day and do a fantastic job of either maintaining our heritage assets, sharing them with the rest of the public or, in the case of the heritage designations team, providing oversight. We need to sort out the leadership and direction and ensure that it is done for the benefit of everybody.

It is a tough shift. As you said, convener, you will invite us back, and I am sure that the staff survey results will be an unpleasant part of that conversation. However, the reassurance is that the actions that the board is taking, in lockstep with the executive and the Government, will, hopefully, resolve those issues.

10:45

Pauline Stafford: That is good to hear.

Returning to the leadership role, and thinking about what the Martin review said about the board, recommendation 5 says that there was a planned board effectiveness review, which

“should be completed at pace and fully implemented by the end of 2026/27.”

What is the progress is on that and where are you at with the board?

Ronnie Hinds: I can answer that one. I referred earlier to hitting the ground running, but I am afraid I tripped and missed that one a little bit. I had hoped that I could pick that up from the previous chair and get it to the board at the first and, so far, only meeting that I have chaired, which was in August, but I just fumbled the ball, I am afraid. It is coming to the board at the October meeting, which is probably a good thing in as much as it will have gone through a proper governance route. It will go through our audit committee beforehand, which is what should happen for something like that. I have seen the draft, with the management actions, following our internal auditors' recommendations, and have contributed, to some extent, to the board's response to that. I am sighted on what it will say, and I think that it will give some assurance to our external auditors and others that we are taking seriously the importance of that particular recommendation from the culture and organisation review. I agree that it is a high priority.

Pauline Stafford: I appreciate that you said that that is coming forward. I do not know whether you will be able to share any more, but have any skills gaps been identified that you are looking to fill?

Ronnie Hinds: I can give you a flavour of them, if you like. The recommendations that I recall were in the report would be around the way in which board business is conducted, the preparation of papers and the lack of an obviously consistent format for things like that. It sounds kind of tedious and administrative, but you will appreciate, in your own roles, that it helps to have some consistency around that, so that board members know what they are being asked to do, how to deal with it and so on. There has been idiosyncratic practice around that in the past. That is one recommendation that we have picked up and said that we can implement quite readily.

For me, there are other things about the decision-making process and ensuring not only that we have a proper action note—which we do—but that that becomes the most urgent item of business for the next meeting, so that we are on top of things as we go through them. I could elaborate with further examples, but I think that you are getting the flavour of it. It is important that those in the organisation see that the work that they are doing is clearly represented in the reports that come to the board and that the board knows that and deals with those reports in a way that the organisation can recognise. We thereby create what I would call a virtuous feedback loop, which has not always been the case for every bit of business.

The last little thing that is probably worth mentioning is that there is a fair bit of practice of dealing with papers offline between board meetings. That is a function of the circumstances that HES has been working in for two years. The board members have stepped in and, in some respects, have virtually taken on executive responsibilities in order to keep things moving. I welcome that, and I congratulate board members for their effort, but it does not fully respect what I would regard as the key governance distinctions between board members and executive members. Using correspondence to deal with business is a feature of that. That should happen only in exceptional circumstances, and one of the recommendations in the report will be to make sure that that is the case.

Pauline Stafford: That is good to hear. Governance is something that sort of rumbles along until you hit a problem, and then you realise that you need healthy and good governance.

Recommendation 6 says that you will be approaching the Scottish Government with your preferred options to enhance board capacity. Has there already been any engagement with the Scottish Government on that?

Ronnie Hinds: Yes. I seem to have done a lot in 10 days. *[Laughter.]* One of the things that I have been doing is working closely with the Scottish Government to get a view about the skill set of the board as it currently stands and any gaps that there might be. The process that I described earlier of recruiting and making recommendations to the cabinet secretary for appointments to the board, which we have now gone through, reflects that. Areas in which we thought that we could strengthen our skills included, for example, information technology, finance and human resources. We have managed to get candidates who meet most, but not quite all, of those—not gaps, but areas that we could strengthen. I am pleased about that, because it gives the board a more all-round capacity, if you like. Certainly, the

involvement that I have had with the appointment of the chair gives me every confidence that the organisation will be led from that position in the way that it has to be, for the challenge that Steve has described as lying ahead.

Pauline Stafford: Thank you for those details.

Mr Uphill, to pick up on your letter to the committee, you made it clear that you want the response to the current challenges not to be limited to organisational recovery and to be part of the bigger conversation about the public sector and how HES can play its part in that. Do you have the capacity at the moment to take that longer-term view, or is it all really just about dealing with the immediate challenge?

Stephen Uphill: Dealing with the immediate challenge is a huge draw on the board, as Ronnie Hinds said, and on the existing leadership team. We are absolutely focused on strengthening that team and that governance.

When it comes to playing our part in PSR and the wider reform, we need to look backwards at the decisions that were taken in the past. The Archive house situation was mentioned. One of the learnings from that was about our approach to projects, which is fine—we do that, and there is the governance side of it. However, probably more important is how we work with the rest of the culture cluster, as it is termed. To be fair, we have probably done our own thing; however, that is changing. We are taking a much more pragmatic view of situations in which we can contribute to PSR by sharing resources, facilities or demand within the archives piece. The staff have got on board with that, so, rather than being insular or defensive, we are now participating more fully. I got a briefing on the issue just in the past couple of days from National Records of Scotland about its ambitions, and members of our teams have been looking at that from the collections side as well. That is a real potential project.

A lot of my background has been, for years, in shared corporate services. We are a large organisation, and we have the capability, if not the capacity at the moment, in a lot of services, as well as access to the scale and, if you like, the level of systems that some of the smaller bodies do not have. There is always the spectre of shared services, which was mentioned. Everybody wants to share, but nobody wants—everybody wants to provide is, I think, a better way of putting it. We can work with other organisations on how we can support them through contributing to PSR without that threat. However, we need to focus on ourselves, and I welcome the cabinet secretary's comments to the committee a couple of weeks ago that we are not off the table but are certainly being

given the space to recover and focus on our own needs.

Ronnie Hinds: Can I just add something in response to that question? Stephen has not touched on this because of his modesty, I think. You have pointed out that both of us are in interim roles. When I joined, in July, three of the seven members of the executive team, I think, were also interim, which speaks to the capacity issue, in some respects, in ways that you can well imagine. Stephen has carried an awful lot of the responsibility for the past nine months or so for the progress that HES has been able to make. I want that to be in front of the committee, and I am more than pleased that he has been appointed as the interim chief executive officer for the organisation.

It is also worth saying that, although we did not, this morning, get into the detail of a programme of transformation for HES—more on that can be provided, if you want it—there is a recognition that, although the people in HES have an important role to play in that, we are going to have to bring in external support as well, because of capacity and expertise issues. The committee should be aware of that. There is a recognition that the progress that we need to make requires that kind of augmented ability. However, it will not be a case of consultants coming in and telling us what to do and then us being left to pick up the pieces; it will involve finding ways in which we can maximise the contribution that can be made by the staff within HES, who have the expertise and specialist knowledge that I am glad to hear committee members referring to this morning. That will give staff the opportunity that they deserve to take some leadership and ownership of the organisation's situation, which will help to address the uncertainty that prevails in the organisation just now, which Steve Uphill was right to recognise. We have to work with that rather than offer bland assurances about it.

Pauline Stafford: Can you give us any examples of external expertise that you might look to bring in?

Ronnie Hinds: There are two areas. Change management is a skill, and people are good at it or not good at it. We have a need for people from outside the organisation to bring that expertise to bear. Because of the extent of the recruitment that we will be undertaking—for a chief executive and up to four executive directors in quick succession—we need external support to enable our HR function to deal with that. To pretend otherwise would be to proceed on the basis of a hope and a prayer, and I really do not think that that is what we should be doing.

Jenny Young: There has been a fair amount of discussion of local areas and the importance of

maintaining the heritage assets. The discussion has focused on the tourism element and how we can bring in money to contribute to the wider economy, but those assets also contribute to the sense of local pride in an area, nowhere more so than in my home town of Linlithgow. However, the palace has been covered in scaffolding since, I think, 2022. I saw reporting late last year about the sum of money that had been spent on the scaffolding, and I have read that there are question marks around when the works would be completed. It is fair to say that, as you can imagine, local people are quite exercised by that.

That is a serious point, but there is another serious point in terms of how governance and leadership issues filter through in terms of the work that is actually being done and the output of the organisation, which we can all agree is great in some places but perhaps needs to improve in other areas.

Can you say anything about the status of the Linlithgow palace works? I could not really get any clarity in advance of this meeting.

Ronnie Hinds: Steve is Linlithgow's local hero, so I think he is more qualified to respond.

Stephen Uphill: I am now wondering how many of my friends are either watching this live or will be watching it later on. On that point, I thank you for your vlogs from around the peel the other day. As you can imagine, when I joined HES, the history of works on the palace and the activities that take place there were a hot topic of conversation on Platform 3.

On a serious note, our work on high-level masonry is well documented. We face some significant challenges, mainly due to the fact that maintenance did not take place during the Covid period, as well as funding issues and the effects of climate change. The team is working very hard and is prioritising work on various assets, including Linlithgow palace.

If I could tell you when the scaffolding is due to come down, I would be a very popular man locally and, if I could put a roof on it, I would be even more popular. However, we have to listen to our technical experts. We also have to listen to what we are told from a health and safety compliance perspective, so that we can share these assets in a safe manner while we work on them.

Although it is not the prettiest that it has ever been at the moment, Linlithgow palace remains open. I believe that we exceeded 100,000 visitors this year, and we are ahead again for the next year. We hold events there, such as the spectacular jousting event—I do not know if you went to that—and the Party at the Palace music festival that is held on the peel. It is a massive

asset, and we share it with the community. However, there are challenges, not just with the palace but with the loch, as the algae question tends to land at our door. That is not something that we are able to resolve, and it is not our responsibility, but we look after the peel and the loch, so we need to be part of the discussion around that.

I would be happy to discuss Linlithgow in more detail with you, and I will get some information on the progress of the works.

Jenny Young: That would be really helpful, because I think the feeling locally is that it is a bit of an eyesore. Despite all the good work that is being done, there is a feeling that this has been going on for a long time with no end in sight. I would welcome more detail.

11:00

The Convener: If no other members want to come back in, I will ask a final, wrap-up question. We have heard a balance of big-picture and specific examples from around the country. I think that that is appropriate, because, after all, these are the assets that HES exists to look after, protect and make available for us all.

I will follow up on some of the issues that have come up, particularly in Pauline Stafford's questions about the connection to public service reform. Your organisational and cultural review includes a recommendation that

"The CEO and the Board should as a priority consider whether the current organisational structure is fit for purpose",

and it could not be more big picture than that. I am thinking about that in relation to the comments that you made about the programme for government and your discussions with the Cabinet Secretary for Education, Culture and Gaelic, Màiri McAllan. The programme for government talks about assessing

"the potential to simplify the management of our national cultural assets",

and Màiri McAllan acknowledged that that is very broad and open as a piece of work. To what extent has the discussion between HES and Government about the scope of potential further change already progressed? You are already talking about putting a new operating model in place. Is that achievable while such big, open-ended questions remain to be answered? When do you anticipate being able to give the committee, as well as your staff and stakeholders around the country, some clarity about the direction of travel and about the point at which more clarity and stability will return?

Ronnie Hinds: Can I have a first go at that? Steve might want to add something as well.

The Convener: I am very conscious that, as you are just a few days into the job, you will not have complete answers to those questions. However, that is part of the problem.

Ronnie Hinds: They are fair questions. I will not go far into this, but I had a similar issue when I was with the Water Industry Commission. Changes had been made to water regulation down south—which are in train now—and the issue was whether they should apply in Scotland too. There was a wider context there as well.

As my view was then, my view with this organisation is that it is in a transformation phase, and if you are seeking to carry out structural change to an organisation—to amalgamate it with something else or to make some other reform that would probably require a change in legislation—HES is not in an ideal place for that in its current condition. That is my honest assessment.

There is enough reform challenge already under way within HES. The cultural and organisational review gave us a three-year timescale to take that forward, and I think that that is reasonable for some of the longer-term issues that have to be addressed. I am strongly of the view that if that change is successful, that will go an awful long way to providing the ultimate reassurance that a committee, or indeed the Government or Parliament as a whole, wants from a body such as HES—which is that it is delivering on the outcomes for which it is responsible or to which it can make a significant contribution. At the moment, there is an awful lot of room for improvement in that regard. I think that we can make headway on that much more quickly by following an internal transformation programme that will reform HES's culture and the way that it operates.

That does not preclude having ongoing conversations about a wider structural change to the sector. An example of what I mean by that relates to the earlier question about the archives. We have a problem with the archives that needs to be fixed, but it will take a 20-year-lease type of solution or a purchase to do that, so that is a long-term problem that will take us way beyond the current PSR. However, that does not prevent us from having the conversations that I think Steve alluded to with the Scottish Government about its wider hopes and aspirations for the archive and so on in the whole sector. Those two things can run concurrently, and in my view, in HES's situation, they have to, out of necessity, and that applies both to the specific issue of the archive house and to the wider situation of HES. I would strongly urge that the transformation programme is supported while it is needed and that we keep an open eye in conversations about PSR as a whole.

Personally speaking, I have had no conversations with the Scottish Government about what it might think is the right solution for HES. I am perfectly happy to leave it that way, because there will be a permanent chair in place before too long who will have to carry that burden rather than me.

Stephen Uphill: I will come at that from the other direction. When the question is whether the organisational structure is fit for purpose, that, to me, is the other end of the spectrum. It is about HES delivering on its objectives, as Ronnie Hinds said. It is a question of whether we are structured internally to optimise what we deliver.

The Martin review came up with the suggestion of the portfolio approach, and committee members will note that we have fairly distinct buckets of operations. There is the corporate side and the governance piece that is described under a deputy COO. That role did not exist until I became interim CEO in December. The role very much reflects the fact that we are a large corporate body. We have responsibilities for lots of things around governance and the corporate side of the organisation that perhaps got lost in the past when the focus was on the heritage side. The review recognised that.

On the body of the organisation and what it delivers, the review talked to enterprise and visitor experience, as Mr Brown referred to, and our focus on maximising income and profitability. It focused on heritage and place, which was very much about our statutory role and how that role works in the wider economy and the local place agenda, as well as the conservation role, which is about maintaining the buildings.

I want to shout out the incredible work that is done on skills and skills delivery. HES supports the provision of training and the sharing of expertise across the whole heritage sector. We work with individual firms to provide apprenticeships—for stonemasonry, we train people ourselves—to our craft fellows. There is a big event at the end of the week, which I hope that you will read about in the press afterwards, to celebrate that particular activity. We have to provide all those skills—almost just to ourselves—to maintain that heritage for the future.

Is that the way that we should be structured? That is the recommendation, but it does not preclude future changes. You could quite easily see those various aspects of the organisation optimised, but it does not prevent anything. The important bit is not to create structures or approaches that are defensive or preclude any change in the future. As Ronnie said, we need to focus on optimising what we do. In certain areas,

we will participate fully at the moment, but the focus is on HES delivering on its objectives.

The Convener: I thank you both for your time in answering questions. The committee will consider the evidence that we have heard today, and I am sure that we will return to the issue either in writing, in future evidence sessions or, presumably, both.

I suspect that I speak for the entire committee and for many other stakeholders around the country when I say that we want HES to succeed and achieve the stability and good governance that has been spoken about. I very much hope that we return to the issue and hear about positive progress in the future. Again, thank you both very much for your time today.

11:08

Meeting continued in private until 11:32.

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