

Statement on sustainable growth 2021-22

The following statement sets out the steps that Historic Environment Scotland (HES) has taken in 2021-22 to promote and increase sustainable growth through the exercise of its functions. Further information on this is contained in our Annual Report and Financial Statements. Operations during the year were still significantly disrupted by the COVID pandemic, which affected both staff and properties.

We support the Scottish Government's purpose 'to focus on creating a more successful country with opportunities for all of Scotland to flourish through increased wellbeing, and sustainable and inclusive economic growth'. Our work contributed to the delivery of A Fairer Greener Scotland: The Government's Programme for Scotland 2021–22.

How we invest in, look after and celebrate our past is at the heart of how we make Scotland a more prosperous and equal nation. We are building strategic partnerships at local and national levels, for example with Community Planning Partnerships and Growth Deals, to ensure the best connection of national plans and resources with local needs and ambitions for inclusivity and growth. We are targeting investment to create good quality job opportunities for people from all backgrounds and spread existing benefits more evenly to local communities throughout Scotland, helping to reduce inequalities, while our grants programmes come with conditions related to inclusivity and skills development further channelling investment in support of local and sustainable economic growth.

The heritage sector was estimated to contribute more than £4.4 billion to Scotland's economy in 2019-20 – an amount equal to Scotland's total annual beverage production including whisky – with over £1 billion of this generated by visitors to properties in our care. This figure has, however, been significantly reduced since COVID due to restrictions on visitor travel and site opening (£2.7bn in 2020-21 and similar 2021-22), though repair & maintenance investment has remained buoyant in the sector.

Sustainable Tourism Sector

Sustainable tourism is one of the Scottish Government's 6 key growth sectors identified in Scotland's Economic Strategy, supporting nearly 1 in every 10 jobs (and double that in remote and rural areas) and £5 billion in annual business turnover in 2020¹. Half of Scotland's in-coming visitors and a third of Scottish daytrips include heritage in their itinerary, driving this sustainable tourism business turnover. Heritage tourism expenditure supports an estimated 16,700 direct FTE jobs across Scotland in a typical year. Many of these jobs were supported through the Furlough and retained in anticipation of the market returning, though when 2021 figures become available for the sector, a decline in overall employment is still expected.

¹ SG: <https://www2.gov.scot/Topics/Statistics/Browse/Business/Publications/GrowthSectors/Briefings>

The COVID pandemic, starting in February 2020, brought a decade of strong year-on-year tourism growth to an end. Travel was heavily restricted, and attractions forced to close. Spend by international visitors who included heritage in their itinerary fell by 90%, from £1.4 billion in 2019-20 to just £132 million in 2020-21. Restrictions continued into 2021-22, but some limited re-opening of HES's Properties in Care (PICs) was possible, with largely domestic audiences and careful visitor management in place. International heritage visitors to Scotland were estimated to spend £378m in 2021-22, up from the previous year, but still 70% below the pre-pandemic level. Figures for domestic visitors are not yet available due to a vastly reduced survey collection during the pandemic.

HES plays a key role in advocating for Scotland internationally, as well as promoting sustainable growth. We welcomed over 1.2 million visitors to our staffed sites in 2021-22, a partial recovery to 23% of pre-covid levels, despite several sites remaining closed through the pandemic. HES's PICs generated over £117 million of direct new expenditure for Scotland's tourism economy, down from the pre-COVID peak of £640 million. The sites attract visitors to spend in local shops, restaurants, hotels and other leisure services when they would otherwise not have been in the area or spent less there.

Throughout the pandemic, HES worked closely with VisitScotland, Local Authorities and other key operators in the sector to adhere to Government regulations and guidance, ensuring that sites could be safely re-opened to support the visitor economy. HES also repeated a business resilience survey for the sector (first conducted in 2020) to understand the extent of issues business were facing and the types of intervention that could sustain them through the difficult market conditions, championing these findings with the Scottish Government.

Sustainable Building Investment and Net Zero

An estimated £1.3 billion was spent on repair & maintenance of traditional buildings (with pre-1919 elements) in Scotland in 2021-22. Including the supply chain of materials and services, this figure increases to £2.5 billion. The overall value of investment in 2021/22 was in line with pre-pandemic years, though with a notable shift from public to domestic/residential buildings reflecting the continued home-working. HES continues to play a significant role providing training and technical guidance to both the construction industry and owners around how to sustainably maintain and adapt their property, while our planning role ensures sustainable investment for major new developments, reflecting the balance of economic, social, environmental and cultural requirements set out in NPF4.

HES also plays a key role in supporting the Scottish Government to meet its ambitious carbon emission reduction targets: 13 to 16% of Scotland's total emissions are from domestic housing stock; one in every five of these residences are historic buildings. HES is the Energy Saving Trust's key operational partner for adapting these buildings (and their owners' behaviour) to reduce their share of Scotland's carbon footprint – an amount equal to the emissions generated by 3 coal fired power plants in a year. A similar process is also in place to reduce emissions from Scotland's non-domestic traditional buildings. This essential conservation work to mitigate climate change

effects and maintain historic buildings is key to sustaining the assets on which Scotland's tourism economy relies.

Our Climate Action Plan 2020-2025 sets out an ambitious programme of priority works to increase Scotland's resilience to climate change.

The PICs form a nationally valuable cultural, social, environmental and economic asset for the people of Scotland. A total of £28.2 million, inclusive of staff costs, was invested in conservation, maintenance and management of the PICs, prioritised based on the sustainability principles set out in our Estates Strategy, and monitored through the newly introduced Project Management Office. This included £4.5 million on site condition improvements plus an extensive survey programme to establish how to re-open sites quickly and safely.

In addition to managing the properties in our care, we invested £12.3 million through grants to our partners and we estimate that this assisted repairs at nearly four and a half times this level evidencing the significant leverage that historic environment investment can deliver. Our grants programme helps to stimulate regeneration, promote sustainable development and reinforce a sense of place.

In all our work, we strive to provide leadership and act as an exemplar in the face of climate change and impact by reducing our greenhouse emissions, acting in a sustainable way and adapting to climate change. We made a total reduction in our greenhouse gas emissions of 27% from 2019-20 to 2021-22.