

REPORT FROM 10 YEAR STRATEGY SESSION - Report by Chief Executive

Summary

The purpose of this report is to introduce the report of the 10 year Planning Day held on the 23 June 2014, attached at **Appendix A**.

In order to assist with the planning of the follow up session on the 12 September 2014, it is recommended that Directors:

- i. comment on each of the recommendations in turn; and
- ii. comment on and agree the reworked Statement of Purpose; Ambition; Core Values and KPIs and Business Outcomes.

1. Business Plan Contribution

1.1 This report supports the highlighted Business Outcomes from the High Life Highland (HLH) Business Plan:

1. **A positive company image**
2. **A growing company**
3. **Delivery of the contract with THC**
4. **Increased awareness of HLH products and services**
5. **Increased customer satisfaction**
6. **Increased financial sustainability**
7. **Increased internal collaboration**
8. **Increased staff satisfaction**
9. **Safety & environmental compliance**

2. Background

2.1 A Board visioning session has previously been discussed. Following the adoption of HLH into the Managed Client scheme operated by Highlands and Islands Enterprise (HIE), a 10 year planning session paid for by HIE and facilitated by David Gass was held on 23 June 2014.

3. Report on the facilitated session

3.1 The purpose of the day was to produce a limited number of recommendations, at high level, which could be looked at later by the Board when planning for the future in more detail. It is felt that the report of the day provided by Mr Gass, attached at **Appendix A**, is an accurate and well written reflection of Directors discussions. The report makes seven recommendations. Since the planning

day, HIE have been approached to see if further funding could be allocated to enable Mr Gass to assist the Board with the next stage, that of addressing the recommendations in the report on the way to the writing of a new business plan for the three years from 2015. HIE has now confirmed that this would be in order and Directors have been asked to reserve the date of the 12 September (formerly for the main Board annual review) for this purpose.

3.2 In order that the follow up planning day on the 12 September can focus on the new business element of forward planning, recommendations 1-3 on pages 6-8 of the Gass report will be addressed prior to and at the Board meeting on the 21 August, with a draft reworking of the Statement of Purpose; Ambition; Core Values and KPIs and Business Outcomes being forwarded separately to Directors for discussion and finalising at the Board meeting.

4. Implications

4.1 Resource Implications – The cost of the additional planning session on the 12 September 2014 is covered within the HIE 'Managed Client' Scheme.

4.2 Legal Implications – There are no new legal implications as a result of this report.

4.3 Equality Implications – There are no new equality implications as a result of this report.

4.4 Risk Implications – There are no new risks at this stage associated with this report. As Directors advance the content and direction of the Business Plan 2015-18, any risks arising at that stage will be evaluated as they develop.

Recommendation

In order to assist with the planning of the follow up session on the 12 September 2014, it is recommended that Directors:

- i. comment on each of the recommendations in turn; and
- ii. comment on and agree the reworked Statement of Purpose; Ambition; Core Values and KPIs and Business Outcomes.

Signature:

Designation: Chief Executive

Date: 4 August 2014



High Life Highland

Final Report

23 June 2014

upperquartile

1. Introduction & Context

Upper Quartile LLP (David Gass, Partner) was commissioned through the HIE Specialist Advice Framework by PA Consulting in May 2014 to undertake a General Strategy Workshop, and to prepare a subsequent report, to assist the High Life Highland Board and senior management develop a shared direction for the business over the next 10 years, in particular looking at alternative income streams and growth opportunities for the business, and to provide the basis for the next 3 year business plan for the organisation.

High Life Highland (HLH) is a company limited by guarantee, with charitable status. It is owned by Highland Council but has an independent Board, and a separate subsidiary independent trading company which covenants its profits to the main charity. It has the Council's public sector obligation to deliver services across sport and sporting facilities, arts, museums, libraries, archives and records management, adult learning, youth work, community centres and outdoor education. The organisation was established in October 2011 and has had two successful trading years.

HLH's contract with Highland Council is the primary source of income, but this is also supplemented with other earned income and grant support. The HLH Board has identified two major challenges that face the organisation going forward – the continued diminution of public finances, both in relation to the Service Delivery Contract in place and wider, and the continuing growth in customer expectations for increased services.

The Board see opportunities for growth in providing services to other sections of the public sector, and in developing its product and service offering to its current and future potential customer base. The HLH Board are keen to further develop these areas in a coordinated manner, and also clarify the roles and responsibilities across the parent company and trading organisation boards.

The strategy workshop sought to consider and address the key areas set out above, and to bring the two Boards together with the senior management team to set out a clear direction for the organisation which will form the basis of the Business Plan for 2015-2018. David Gass would like to express his thanks to the Board members and senior management of HLH for their co-operation and constructive input to the workshop, and also to Nicola Ewing of HIE for her input to the workshop; and to Lorraine Hourston of HLH for the administrative arrangements for the workshop.

The workshop allowed the Board members and senior staff of HLH to step back and review what has been achieved to date and how the organisation has evolved; and use this as the basis to develop the 10 year strategic context for HLH going forward; and the identification and agreement around the key priority projects, activities and development areas for the organisation over the next 3 year business plan.

Given the size and scale of the operation of HLH, the workshop did not go down into the operating detail of the organisation, but sought to agree the high level objectives and outcomes the organisation was seeking to achieve, and to consider how new growth opportunities can be developed alongside the core activities of HLH. The new development activities identified and agreed may form the basis for future more targeted workshops at a later date.

This project report sets out the main findings and results of the workshop, and the key recommendations are highlighted in bold through the report.

2. Methodology

The project was undertaken in 3 stages over May and June 2014.

Stage 1 involved an initial discussion by phone with the HIE Account Manager, Nicola Ewing, in terms of the proposed workshop remit; and this was followed by a briefing meeting with Laurence Young (Chair of HLH), Donald McLachlan (Vice Chair of HLH), Douglas Graham (Chair of Trading Company) and Douglas Wilby of the senior management team, on Monday 2 June to ensure the workshop format proposed would address the key issues and challenges the HLH Board wished to cover. Subsequent contact was also made with Ian Murray, Chief Executive of HLH, to gather his views and thoughts on how the workshop could be best structured to achieve the outcomes required.

Background information on the current operations of HLH was also provided for review following the meeting, together with individual Board member views, and this assisted in shaping the final workshop content. The following documents/sources were reviewed:

- HLH Business Plan 2012-15, and HLH Report and Financial Statements March 2013
- HLH Service Delivery Contract with Highland Council
- Recent Board Minutes, and a review of HLH website and social media

Stage 2 involved the delivery of the General Strategy Workshop on Friday 20 June at HLH's offices in Dingwall. The workshop took place from 9.30am – 4.30pm, and was facilitated and led by David Gass and attended by:

- Laurence Young, Chairman
- Donald McLachlan
- Douglas Graham
- Fraser Parr
- Catriona MacLean
- Jaci Douglas
- Rene Looper
- Ken Gowans
- Drew Miller
- Ken Nicol
- Jenny Clarke
- Ian Murray
- Douglas Wilby
- Graham Watson
- Nicola Ewing, HIE Account Manager

Copies of the General Strategy Workshop slides were provided to each of the attendees during the workshop, and an electronic copy of the slides was provided with the final report.

Stage 3 involved the write up of the workshop outputs and completion of this project report and recommendations as attached. HLH will also be contacted on receipt of this report to follow up any additional queries, and to discuss how the report findings can best be implemented and taken forward.

3. Principal Workshop Outcomes

This section of the report sets out the main findings of the workshop. The GSW was developed to work through the following agreed agenda:

- Clear and shared understanding of the direction and development of HLH 2015-2025
- The Opportunities for Growth 2015-2018
- Roles & Responsibilities
- Stakeholder, staff and customer management and communications
- Provide the basis for next 3 year HLH Business Plan

The first part of the workshop looked at successful strategy development in organisations, and how this is achieved, with the importance of ensuring that organisations have a shared and agreed view of where the organisation starts from, and what success will look like for the organisation over the agreed timescales. There is then a need to identify what are the **critical success factors**, and how will the organisation ensure these are prioritised and achieved, taking into account the remit, staff and financial resources of the organisation.

3.1 Development of a shared understanding and agreement of the way forward for HLH

The first stage of this process sought to agree across the Board and senior management team what was the starting point for HLH in 2014. This was done by identifying:

- What have been the important successes of HLH since inception and why
- What has been less successful to date and why.
- What is the current capacity and status of HLH.
- What would success look like for HLH by 2025?

The following were agreed as the important successes of HLH since 2011:

1) Progressing the Visibility and Understanding of HLH

Good progress was felt to have been made across stakeholders and customers in this area, although work was still required to differentiate what HLH is fully responsible for and has within its powers to fully deliver. A significant recent step has been that HLH will now be represented on the Highland Community Planning Partnership Board.

2) Delivery Success of HLH

The original transfer of responsibilities to HLH was agreed to have been successful, and subsequent to this the delivery of its remit and responsibilities across its operational areas in the face of significant budget pressures. In particular the performance against the SDC with Highland Council was very positive.

3) Staff Empowerment and Approach

Generally it was felt that staff had responded well to the new organisation with for example significant progress and developments in the use of IT across its leisure and library activities; the increase in High Life membership, and collaborations with other key stakeholders such as the Health Board in terms of provision for older people, as well as individual projects such as the Newtonmore Folk Museum and Archives.

4) External & internal Communications

Communication across the organisation was felt to be good, and the use of social media to reach and engage its target customers had developed well.

5) Relationship and Approach Across the 2 Boards

In general it was agreed that the two Boards had worked well together, although there was a need to fully define the roles and responsibilities of each Board which is dealt with at the end of the report.

6) HLH Reputation across Key Stakeholders

There were positive signs of increasing collaboration with key stakeholders in the region alongside Highland Council – and that HLH was increasingly viewed as a “safe pair of hands” in terms of delivering a range of activities and positive outcomes for the Highland area. It was an organisation that could be trusted to deliver, and viewed as independent from Highland Council.

The group then considered which areas had been less successful than hoped to date, and again why this was felt to be the case:

1) Development of New Income Streams

It was agreed that the expectations of Highland Council and HLH itself in generating new income streams had not been met – it had proved more difficult than expected to both identify new potential sources of income; and to begin to develop these opportunities given the lack of management and staff capacity and development funding. It was strongly felt that there was no real incentive to develop new income streams if this resulted in further overall budget cuts through Highland Council, and this model would need to be addressed going forward.

2) Development of the Highland Council (THC) Relationship

Following on from the above, whilst significant progress had been made in establishing HLH as an effective delivery partner for the SDC, there was still a need to develop the relationship and understanding with THC in terms of the growth and development of HLH, and in challenging THC as to how HLH moves towards a “valued partner” status alongside the effective delivery of the SDC.

3) Facilities Development

Challenges still existed where it was felt the performance of facilities was adversely affected by the lack of direct control over maintenance issues carried out by the Council which in turn impacted on how HLH was viewed by its customers.

4) Clarity of Operations

There was still a need to determine fully who does what between the HLH Board and the Trading Company Board, and alongside this a need to continue to develop the culture across employees in areas such as customer service, and service and product innovation and development.

Significant progress had been made over the period 2011-2014 in taking on and delivering the HLH remit and the SDC from Highland Council in particular, but there were still challenges in developing the organisation to its full potential, and exploring and developing new opportunities for growth.

This is entirely understandable as the focus of the first three years has naturally been on setting up HLH as an independent organisation and proving itself to be effective in the delivery of its core remit. The workshop is both timely and important in providing a context for the organisation to move to the next stage of its development over 2015-2018, and to provide a platform for the sustainable growth of the organisation and its services.

When asked to describe how HLH would currently be viewed by its stakeholders and customers, the following adjectives were agreed:

- "Great" (in terms of services and products)
- Empowering
- Enabling/catalyst
- Lack of investment in staff
- Value for money
- Contributing to the Highland economy
- "Too commercial"
- Vital/integral
- Positive culture
- "Too leisure focused"

There are clearly a good number of positives to be built upon over the coming three years, but also some warning signals as to how HLH positions itself and builds its service offering over the next business plan period.

Finally the Group were asked to describe what would success look like for HLH by 2025 to provide an agreed strategic context for the organisation going forward. Success for HLH would include:

- Financial sustainability
- A business model fit for purpose – for example encompassing Joint Venture operations; continuing charitable status; and potentially the ability to accommodate facility transfers from THC.
- Everyone to have a High Life card/app
- Expansion of service range based on core competencies
- A major contributor to the quality of life and health of the population in the Highlands
- An innovative organisation, responding to customer demand and the market
- A "Valued Partner" regionally and nationally
- Continuing to address market failure and "fill the gaps" within its remit
- Long term and sustainable facility provision across the region
- Greater international involvement/customer base
- A learning organisation, both demonstrating and learning from best practice
- A more commercial organisation and culture but guided by the overarching principles and aims of the organisation
- A good employer – an employer of choice.

In terms of the next 3 year business plan, and reflecting on the aspirations of the Board set out above, the following principles should inform the business planning process for 2015-2018:

- Build the THC relationship towards “trusted and valued partner” – and expand this out to include other key stakeholders both through the Community Planning Partnership and individually – NHS Highland, UHI, HIE, DMOs.
(important that attention is given towards understanding better what stakeholders want/may require from HLH, but importantly this should be part of a process which is led and managed by HLH on what “the initial offer” could be)
- Begin to build and release the necessary internal capacity and funding resource to develop other areas of business and income streams
- Continue to increase the profile and understanding of the HLH offering to customers and stakeholders
- Increase markets for HLH – again ensuring capacity is there to develop and grow new markets aligned to the core aims and priorities of the business, and in a structured and planned manner – with a focus on “sustainable business growth”
(Sustainability recognises that HLH has a desire and remit to extend services to the population as part of its public duty, but recognising wherever possible that the organisation and its services need to be commercially viable and generate investment back into the business)
- Following on from the above, recognise that HLH is constrained in its ability to operate 100% commercially in the market, and needs to pay due attention to the values and operating principles of the organisation, and the perceptions of the community it serves in terms of both its existing and new activity.

There was clear agreement across the Board members of the proposed direction of HLH going forward, and the principles and values that the organisation has in place. This was then used as the platform to begin to consider the business planning for 2015-2018.

3.2 The Business Planning Process 2015-2018

The new three year business plan for the organisation will provide the opportunity to both consolidate and build on the progress which has been made to date, and also reflect the longer term aspiration of the organisation to continue to be successful and to grow the business sustainably.

A greater recognition and focus on the outcomes which HLH deliver against its specific remit and also the wider contribution of HLH towards the collective outcomes sought through the Community Planning Partnership Board and other stakeholders for the region will be considered and articulated.

Statement of Purpose

Recommendation 1: The statement of purpose should be refined with the agreement of the Board to reflect both the element of “sustainable growth” and the outcomes/impact HLH will achieve.

Ambition

This was felt to be fit for purpose, but should reflect more the “valued partner” status of HLH.

Core Values

As above the values remained relevant and appropriate, but reflected the organisation in its early years as opposed to looking forward. The current values very much reflect “the safe pair of hands” which HLH has achieved, and which remains important particularly given the activities and the customer base these services are provided to.

However there is also the need to capture the values the Board and Management Team wish to see develop across the organisation over 2015-2018.

Recommendation 2: Consideration should be given to updating the Values to incorporate/reflect the values of innovation/entrepreneurship; quality of service offering to the customer; and partnership working.

There are already in place a set of Key Performance Indicators for HLH agreed at the September 2012 Board, alongside the business outcomes set out as part of the SDC with Highland Council. Again the business outcomes and KPIs were put in place when the organisation was in its embryonic stage, and require to be refreshed, updated and aligned for 2015-2018.

Recommendation 3: The majority of HLH KPIs and Business Outcomes remain relevant and important in measuring the performance and impact of the organisation. Further or replacement KPI/Business Outcome Measures to be considered by the Board for 2015-2018 would include:

- **% of Earned Income (outwith the existing THC SDC)**
- **Customer satisfaction (the opportunity to conduct an annual survey at HLH or business unit level)**
- **Visitor/User Numbers of HLH services**
- **Stakeholder Relations (this would be a qualitative but important measure given the aims and aspirations of the organisation going forward, and based on a stakeholder engagement plan)**
- **Financial sustainability measure (to be further defined)**
- **The opportunity to express Business Outcomes in terms of the difference or contribution HLH will make – health, economy, inclusion – which will be helpful particularly in engaging at a Community Planning Partnership level.**

The final part of the morning session then explored in more detail the challenges and opportunities that HLH will face over 2015-2018 in order that these were both recognised and prioritised within the business planning process.

The key challenges recognised across the core business areas would be:

- **Continuing financial pressures across all business areas within the context of reducing public sector budgets, with some areas coming under additional financial pressure**

- Utilising effectively the management resources and new technology opportunities to deliver and grow the business.
- Releasing and finding the financial and human resources to develop new areas of business, or products and services, whilst maintaining a high standard of quality delivery across all core business areas.

The specific opportunity areas for 2015-2018 identified were as follows:

- Developing the HLH contribution and activity within the preventative health agenda across all aspects of the business
- Developing the outdoor education offering
- Individual opportunities as they occur out with the SDC – for example the work in the area of supply teaching
- The Regeneration agenda within the Highlands in terms of both urban and rural settlements, and specific initiatives such as the Inverness Cultural Facility
- Developing the HLH tourism offering in terms of the visitor experience, the tourism product offering, and specific areas such as ancestral tourism and genealogical research.
- Aligning the HLH offering to the Curriculum for Excellence
- Technology – both the opportunity to cross sell HLH products and services, and to reach new market segments

The above is by no means an exhaustive or comprehensive list of the challenges and opportunities the organisation with face in 2015-2018 and beyond, but sought to identify the main areas from a Board viewpoint. Of equal importance was the discussion around how the Board and senior management team should prioritise and address the opportunities and challenges presented.

Recommendation 4: There was agreement that the core set of organisation principles should be developed into a simple decision framework that allowed each challenge, and proposed opportunity in particular, to be considered and prioritised consistently. This should allow HLH to develop the organisation aligned to its core purpose and ambition, and within a structured and strategic context.

For example, the development of the outdoor education provision whilst raised in the Board discussion would need to be considered in light of existing provision across the region, the ability to achieve a financially sustainable return on increased activity in this area, and the distinctive contribution HLH is able to offer as opposed to other providers.

Similarly whilst the emerging Curriculum for Excellence requirements and standards will be important for HLH in developing its current activities, to develop new offerings in this area would be resource intensive in terms of both staff and financial resources, and the return to the organisation would only likely be over the medium to long term.

Within the time constraints of a 1 day workshop, it was not possible to discuss and develop out each business opportunity, but the suggested process was set out and applied briefly to two of the opportunities put forward – the Preventative Health agenda and the HLH Tourism offering.

At its heart the process sets out a simple decision template to be used for each opportunity, and to inform the decision at each stage whether and how to proceed:

1) Why is the project/opportunity a priority?

What is the strategic fit? Will the project be financially sustainable and fit with the operating principles of HLH? Will it add value or potentially undermine the core offering of HLH?

2) What are the key actions which need to be completed?

What does HLH need to put in place to develop the opportunity? What information gathering/research needs to take place? Which stakeholder/customer base is to be targeted? What will be the actual deliverables?

3) When will the key actions be achieved?

This is important to ensure the opportunity does not remain “a good idea”; and there are decision points built in as the opportunity is further understood and developed, and the implications this has in particular in terms of financial and staff resources.

4) What is required?

A scoping of the project to allow both the inputs and outputs of the project to be set out, and allow the Board and senior management to make as informed decision as possible as to whether to proceed/accelerate or stop the development and delivery of the opportunity.

5) How? - Are there any gaps to be addressed in skills/resources?

What are the specific internal resources which need to be in place to deliver the opportunity? How can the project be taken forward?

The Preventative Health Agenda

Why?

- Increasingly important agenda at national and local level.
- Fits with the goals of HLH and already involved in this area and building a track record
- Potential to offer positive and sustainable financial return to HLH
- Supports “valued partner” approach – “gets you at the table”
- Clear opportunity to grow market for HLH services and products

What?

- Need to clearly define and prioritise the specific opportunity (ies)
- Who will be the key stakeholders/partners – NHS, others?
- Sufficient organisation capacity? – any new skills/expertise required?

When?

- Part of agenda for CPP engagement – raise profile of HLH and capability in this area (August)
- Gather and present evidence of existing HLH impact and case studies (August/September)
- Match this against contribution to HEAT targets (September)
- Define the specific opportunity (September)

How?

- Interface would provide match funding to utilise academic expertise as required
- Graduate placement may be possible if further research required on area
- Would area staff be able to confidently engage in this area locally – requirement for further skills training?

The HLH Tourism Offering

Why?

- Increase sustainable income to HLH
- Contribute to increasing visitor numbers and secondary spend – economic impact
- Good strategic fit as already providing a product/service to the visitor market
- Right time for this opportunity – core HLH business now established and expansion and cross-selling opportunities now being more fully considered.

What?

- Need to scope out what is each offer – in terms of new/existing product or services (For example Inverness Museum and Art Gallery opportunity or the Folk Museum as new tourism facilities in progress, or the opportunity to use/create bunk house facilities for visitors; the opportunities in ancestral tourism, and/or expanding High Life membership internationally)
- How to commence the engagement with HIE/VIS/DMOs/National organisations such as Wilderness Scotland?

When?

- Clarify the tourism offer/contribution/opportunity (September)
- Set up strategic introductory meeting with key stakeholders (September)

How?

- Explore opportunity for Visit Growth Fund support
- Pilot strategic tourism approach with key facilities, and build on lessons learned
- Opportunity again for graduate placement support/further specific strategy workshop for defined opportunities
- Who will own and drive the tourism opportunity within HLH
- What additional training might be required for participating staff?

The workshop timescales allowed each opportunity to be discussed only briefly, but the process was welcomed by the Board, and should provide key decision points in progressing each opportunity strategically.

Recommendation 5: Agree a structured process, based on the above, as part of the Business Planning process which would allow clear line of sight and decision points for the Senior Management team and Board in progressing new opportunities. Importantly this also provides a framework for existing areas of the business or staff members to come forward with new project ideas following a structured process but empowering and encouraging an innovative and entrepreneurial culture within the organisation.

3.3 Internal Analysis of HLH

The final session briefly considered key elements of the HLH business model going forward and where actions may be required over the 2015-2018 operating period.

It was recognised that the initial business plan 2012-2015 had conducted a SWOT analysis for the organisation, and consideration of the wider market and demographics which make up the core of HLH's market.

It was further recognised that HLH is a large organisation employing significant numbers of staff, and fulfilling a wide range of activities across the Highland region. The session focused on key elements of the internal business model to ensure HLH is fit for purpose as it undertakes its new 3 year business plan.

- **Customer/Stakeholder Management**

Going forward a key challenge identified will be for HLH to manage customer expectations of the organisation and the services it provides, and demonstrate effective stakeholder engagement not just within the context of the SDC with Highland Council, but the engagement at senior level across THC, the CPP and with other key stakeholders.

Given HLH is not yet 3 years old, it is not able currently to present a clear and external picture of stakeholder and customer satisfaction and expectation of the organisation, and this is an area that should be developed over 2015-2018 both as an important KPI but also to provide a future platform for growth and expansion.

The first exercise looked at how HLH would be viewed by its customers and stakeholders at the current time. The following were rated by the Board members:

SERVICE/PRODUCT	STAKEHOLDER VIEW	CUSTOMER VIEW
Range of Service Provision	√ Good	√ Good with some variation
Expertise in Delivery	√ Recognised for effective delivery	√
Equity of Geographical Reach	√ Understanding of constraints	√ Variable depending on locality
Enthusiasm of staff	√	√ Overall positive
Bring solutions	X Some good examples	√ At individual customer level
Quality of Product/Service	√ Expect more for less?	√ Positive experiences
Cross service/selling opportunity	X Still viewed at individual service level	√ Getting better
Value for Money	√ Important given public provision aspect	√ Good comparative value

While the perception from an assumed customer point of view is positive – and this would align with individual customers choosing and experiencing individual services, it is interesting to note that from a stakeholder perspective there are seen to be some gaps and issues, and it is important that these are addressed.

Most noticeably is the need to communicate clearly that the high quality level of individual services cannot be sustained through continued reductions in core funding; and at the same time the onus is on HLH to provide a more compelling and rounded view of the organisation (for stakeholders rather than customers) and what it can offer and provide against the CPP outcomes and for individual stakeholder agendas.

Recommendation 6: The Business Planning process should reflect the opportunity over the next 3 years to articulate clearly the role and contribution HLH makes across the economic, social, health and inclusion agendas; and within this to develop the HLH proposition for targeted and agreed business opportunities in the form of business/stakeholder solutions.

- **Board and Staff Development**

In terms of the Parent and Trading Company Boards, the final section of the report addresses the issue of the roles and responsibilities of each Board. In terms of Board member development and gaps for the 2015-2018 operating period, it was agreed that the Boards and individual Board members brought significant individual expertise and insight across HLH activity areas, and provided a good representative mix and challenge on both Boards.

The only immediate consideration would be the necessary subject area knowledge at Board level in terms of new business opportunities and areas – with the example given that ideally HLH would have CPP Board representation with knowledge/insight into the Preventative agenda – this may be in the form of appropriate briefing for the selected Board member, or the potential to bring on a new Board member with expertise in this area as it develops.

This was specifically the case if new business opportunities were to have a Board champion alongside an internal business owner of the opportunity, and initial work has been undertaken to match individual Board member's interest and expertise against specific business areas.

In terms of staff development, it was recognised that not all areas of HLH business will offer the same commercial and income generating potential, and there is a need to manage this process to ensure particular areas of the business do not feel marginalised. Across the whole organisation, there remains the need to continue to deliver a high quality service, whilst embracing the culture change to an organisation independent of Highland Council, and with the clear aim to grow the business successfully but aligned to the operating principles and service ethos expected by customers.

A particular focus for 2015-2018 was agreed to be the middle management of the organisation in driving this culture change, and representing the aims and objectives of HLH at local level, and further development training should be considered for this management level within the business plan for 2015-2018.

3.4 Boards – Clarity of roles & responsibilities

The final area of discussion was the relationship between the two Boards, and the need for clarification of roles and responsibilities. The opportunity for the trading company board to take the lead on particular business opportunities – for example the tourism offering – was discussed; but the central issue as to the role of each Board still needed clarification if this was to work effectively.

It was agreed that the Trading Company Board and its members brought significant added value and insight into key operational areas of HLH such as social media, and wider business input, but the final strategic and operating decisions should rest with the parent HLH Board. All agreed that it would be important to formally clarify the roles and relationships between the Boards, and this should be captured and communicated in writing.

Recommendation 7: Ian Murray to clarify the roles and responsibilities of each Board, and set out the process of delegation and how this would be operated, focusing on areas of the business where the Trading Company Board could bring added value and insight. This would be presented for approval at the HLH Board in August, and communicated to the Trading Company Board.

4. Conclusion

A great deal has been achieved by High Life Highland since its inception in 2011. It has performed strongly in the development and delivery of its core business areas, and the SDC with Highland Council. The profile and awareness of the organisation and its services continues to grow; and it has established a strong track record for delivery. It continues to face financial pressures in terms of reducing public sector budgets, but it has also begun to generate new successful income streams across its business areas with the opportunity to further develop and grow new business areas and income over 2015-2018.

The workshop provided the opportunity for the Board and senior management of HLH to:

- Develop a clear and shared understanding of the direction and development of HLH 2015-2025
- Clarify the Priority Opportunities for Growth 2015-2018
- Determine Roles & Responsibilities
- Consider stakeholder, staff and customer management and communications
- Provide the basis for next 3 year HLH Business Plan

It is intended the 7 recommendations, alongside the wider discussion points set out through the report, will assist in the business planning process for 2015-2018, and support the successful and sustainable growth of HLH.

HLH has established a strong platform over 2011-2014 to now allow it to confidently consider and develop new business areas aligned to the core competencies and business areas of the organisation. The Board is clear on the long term strategic direction and opportunity for the organisation and this should allow an ambitious but realistic business plan to be developed for 2015-2018, capturing the new business income streams identified.

It is intended that David Gass will also follow up the report and recommendations with Ian Murray of HLH, and Nicola Ewing of HIE, to ensure any additional queries or issues from the report are discussed and addressed, and where appropriate, further advice is provided on the effective implementation of the recommendations and actions set out.