

Annual Report and Financial Statements

Aithisg Bhliadhnail agus Aithris Ionmhais 2023-24



HISTORIC
ENVIRONMENT
SCOTLAND

ÀRAINNEACHD
EACHDRAIDHEIL
ALBA



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Introduction

Ro-ràdh

Reflecting on my second year as Chair, I am pleased to report on a year of continued progress that builds on the momentum of a strong recovery last year and saw us welcome over 4.5 million visitors to our ticketed properties. This year also saw the departure of our Chief Executive, Alex Paterson, after seven years and we extend our gratitude for his contribution to Historic Environment Scotland's (HES's) continued success.

We continue to act as Scotland's lead public body for the historic environment. The launch of *Our Past, Our Future* in June, the national sector strategy for Scotland's historic environment, sets a clear direction for the whole sector, emphasising sustainability, inclusivity and responsible tourism.

Investing in our communities remains a core priority. We published our first **Grant Funding Report** that details how we spent our grant budget on Scotland's historic environment sector. It revealed that although we spent £13.7 million in 2023-24, we were asked for £23.7 million – almost double the funding available. This year, we were delighted to fund innovative projects at the Pipe Factory in Glasgow, Clackmannan Tolbooth and the Castletown Mill Distillery in Thurso, among many others. We are pleased to continue to support sector partners in their delivery of *Our Past, Our Future*.

As part of our collaborative effort to address skills gaps in the heritage sector, we have launched a new five-year Skills Investment Plan to drive innovation and build a sustainable workforce capable of conserving Scotland's historic environment. This plan is a result of extensive consultation with stakeholders across the sector, including heritage organisations, education institutions and industry professionals.

Recognising the importance of traditional skills in safeguarding our historic buildings, we conducted a nationwide survey that revealed strong public support for the continued use of these skills into

the future. These findings encouraged us to launch a new heritage professional learning programme at the Engine Shed, offering tailored training opportunities to help ensure a skilled workforce can continue to care for Scotland's heritage.

We also continue, through our use of cutting-edge technology and research, to reveal more about Scotland's story. A highlight of the year was a new discovery we made regarding the Stone of Destiny. Ground-breaking research using innovative methods revealed previously unrecorded markings, further strengthening our understanding of this iconic object's provenance. In a historic event, the Stone of Destiny embarked on its journey to Westminster Abbey for the Coronation, a potent reminder of Scotland's rich heritage.

A rolling programme of high-level masonry inspections, repairs, and reopenings allowed visitors to experience once again the beauty of many of our iconic sites, after essential conservation and maintenance work in the face of accelerating climate change. We welcomed visitors back to Caerlaverock Castle, Whithorn Priory, Lochleven Castle, Dryburgh Abbey and Castle Campbell, along with a number of other properties throughout the year. Over 90% of our sites now have full or partial access following the inspections.

HES widened access and fostered a deeper appreciation for Scotland's heritage by implementing a successful free admission initiative during winter months. This initiative made our ticketed attractions accessible to a wider audience of Scottish residents on the first Sunday of every month between October and March. It proved very popular, attracting new visitors and helping enrich their understanding of Scotland's past.

We launched a new report examining the connections between properties in our care and the British Empire. This report acknowledged the complex legacies of colonialism, but highlighted these sites' potential for education, discussion, and reconciliation.

Our role extends beyond our collection of historic buildings and monuments to managing and safeguarding some of Scotland's most historically significant landscapes. A key example is Holyrood Park, where we're developing a new Strategic Plan. In collaboration with stakeholders, we'll craft a new vision for the Park, ensuring it flourishes as a well-used and treasured green space for generations to come.

We are also celebrating much newer landscapes in history through our designations programme, which included the listing of the first skate park in Scotland this year, adding a new chapter to our ongoing story.

We continue to focus our resources on delivering exceptional care for our existing extensive archives and collections and exploring alternative strategies for their future accommodation.

The year ahead

Looking ahead, strategic decision-making will be paramount for HES's continued success. We are undertaking a comprehensive review of our financial strategy, exploring a new business model to ensure the sustainable funding of our vital work. Internally, a focus on a fair and competitive remuneration structure for our talented staff is being reviewed through a pay and grading project.

However, our unwavering commitment to Scotland's historic environment remains at the forefront. *Our Past, Our Future* will continue to guide the sector towards a sustainable future. A particular focus will be placed on Edinburgh Castle, our flagship site. Investment in its preservation and visitor experience will ensure it continues to be a beacon of Scotland's rich history for generations to come. Our commitment to environmental responsibility will be further strengthened by our ongoing Climate Action Plan and research initiatives.

As we embark on this next chapter, the Board joins me in expressing a spirit of optimism. The dedication and expertise of our staff, volunteers, and partners continue to inspire us. Their unwavering commitment has been instrumental in delivering consistently high-class work throughout the last financial year. We are confident that by working collaboratively, we can ensure that Scotland's historic environment continues to be a source of inspiration, education and enrichment for present and future generations.

Dr Hugh Hall

Chair, Historic Environment Scotland



2023-24 key statistics ¹

2023-24 prìomh staitistigean ¹

Our carbon emissions are
18% lower
than 2019-20

2023-24: 3,920 tCO₂e;²
2022-23: 3,866 tCO₂e;
2021-22: 3,541 tCO₂e;
2020-21: 3,171 tCO₂e;
2019-20: 4,803 tCO₂e.

We welcomed

4.5 million

visitors to staffed sites

2022-23: 3.3 million; 2021-22: 1.2 million;
2020-21: 246,000; 2019-20: 5.2 million.



We have
195,000
members

2022-23: 184,000; 2021-22: 167,000;
2020-21: 186,000; 2019-20: 206,000.

We digitised

75,000

images and files

2022-23: 132,000; 2021-22: 93,000;
2020-21: 80,000; 2019-20: 170,000.

We invested

£13.7 million

through our grants programme

2022-23: £12.5 million; 2021-22: £12.3 million;
2020-21: £13 million; 2019-20: £14.5 million.

We dealt with **94%**
of regulatory activities in
stated timescales

2022-23: 96%; 2021-22: 96%;
2020-21: 96%; 2019-20: 96%.

1. Statistics are provided from the largely pre-pandemic 2019-20 to 2023-24 to show the impact and recovery from the Covid pandemic.

2. Our emissions increased 1.4% from 2022-23 to 2023-24 as activity increased across the estate but are still on downward trend over multiple years.



We engaged

334 volunteers

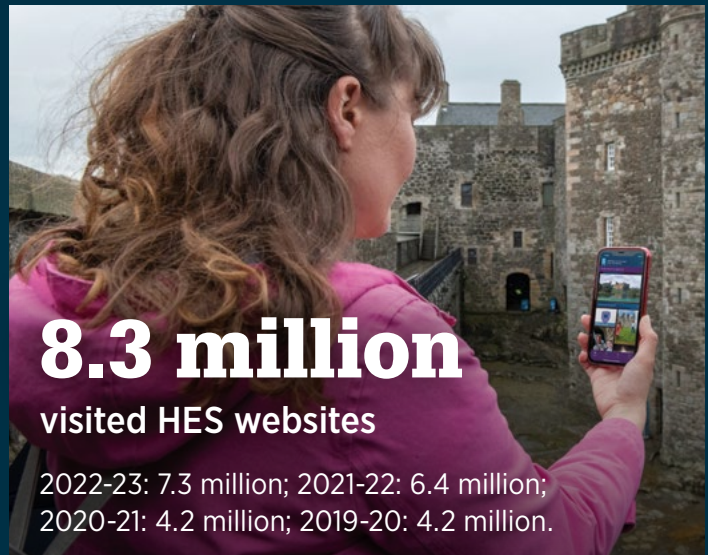
2022-23: 327; 2021-22: 46; 2020-21: 28; 2019-20: 999.

We earned

£66 million

commercial income

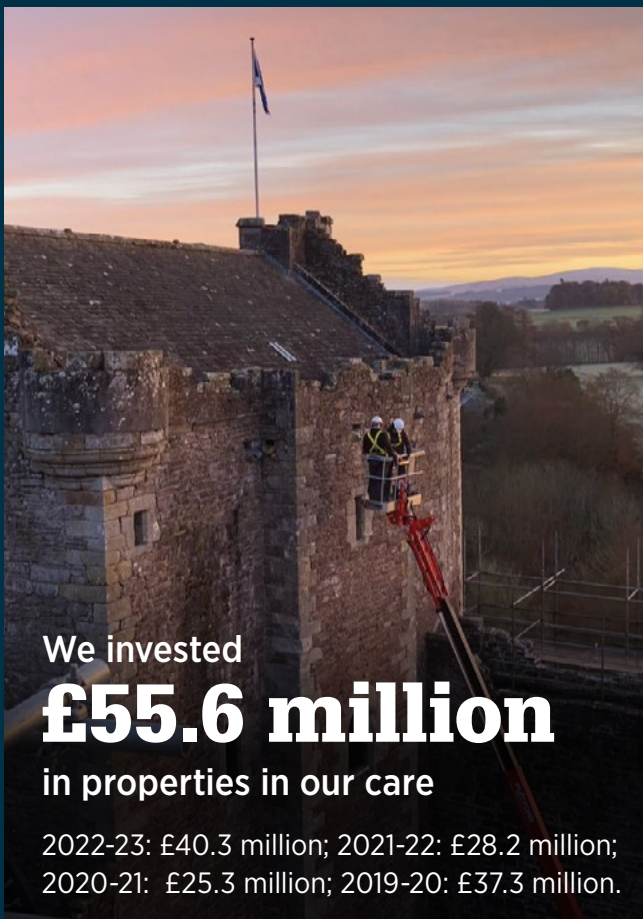
2022-23: £49.7 million; 2021-22: £20.7 million;
2020-21: £8.2 million; 2019-20: £62.6 million.



8.3 million

visited HES websites

2022-23: 7.3 million; 2021-22: 6.4 million;
2020-21: 4.2 million; 2019-20: 4.2 million.



We invested

£55.6 million

in properties in our care

2022-23: £40.3 million; 2021-22: £28.2 million;
2020-21: £25.3 million; 2019-20: £37.3 million.



We generated

£887 million

for the Scottish economy
from heritage tourism

2022-23: £640 million; 2021-22: £117 million;
2020-21: £16.1 million; 2019-20: £1,100 million.

Trustees' Annual Report Performance Report

Aithisg Bhliadhnail Nan Urrasairean Aithisg Air Dèanadas

Performance overview

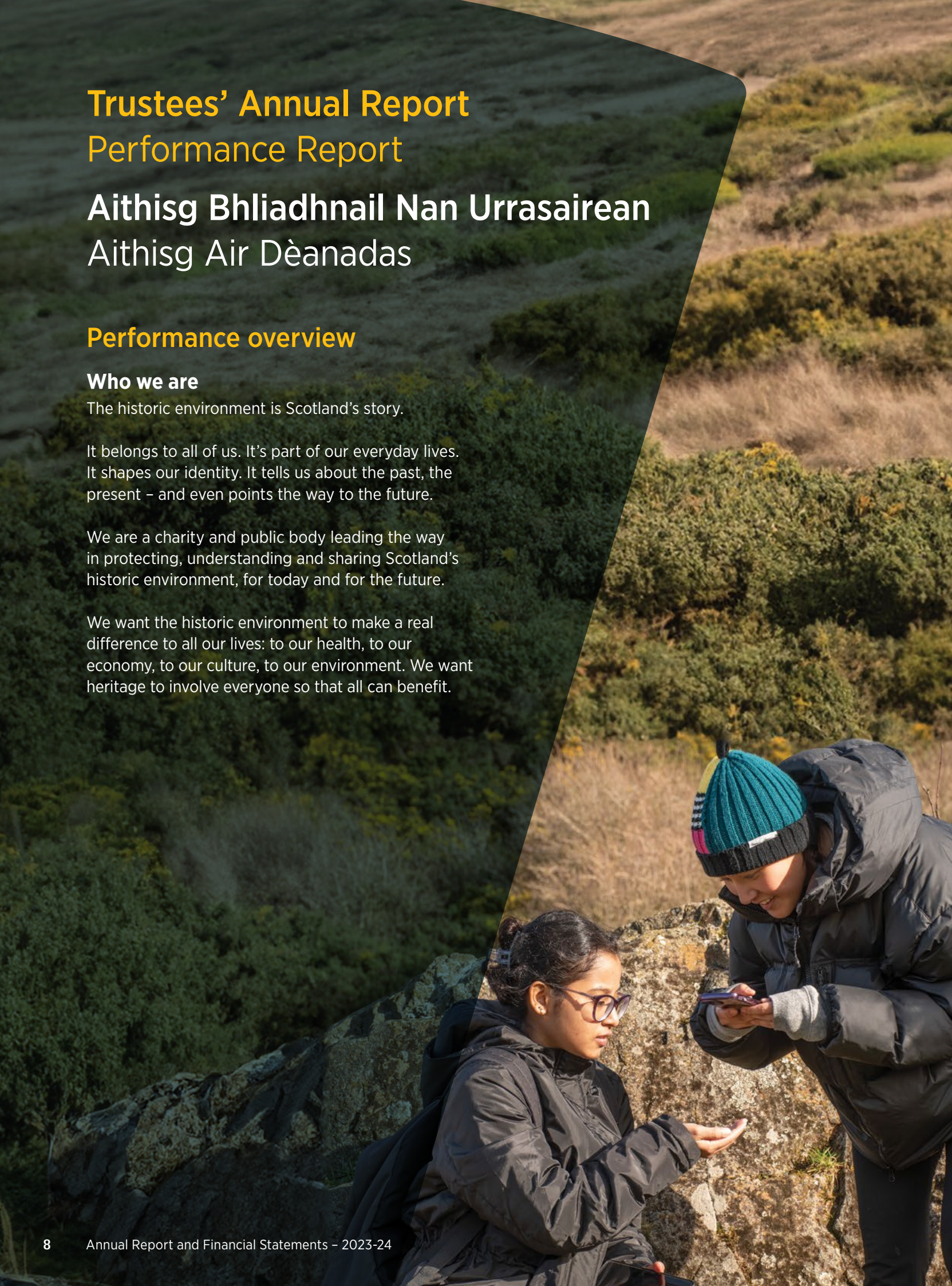
Who we are

The historic environment is Scotland's story.

It belongs to all of us. It's part of our everyday lives. It shapes our identity. It tells us about the past, the present – and even points the way to the future.

We are a charity and public body leading the way in protecting, understanding and sharing Scotland's historic environment, for today and for the future.

We want the historic environment to make a real difference to all our lives: to our health, to our economy, to our culture, to our environment. We want heritage to involve everyone so that all can benefit.



What we do

Through our role as lead public body for the historic environment, we work with our partners and stakeholders to ensure that the historic environment thrives and delivers economic and social benefits for the people of Scotland. Here are some examples of our valuable contribution to Scotland.

- We are at the forefront of investigating and researching the historic environment and addressing the impacts of climate change on its future.
- We help develop the knowledge, skills and materials Scotland needs to look after our heritage, particularly to respond to the changes in our climate and the impact it has on our heritage.
- We can make a strong contribution to a green recovery and a fairer, more sustainable economy through promoting the benefits of traditional forms of construction.
- We award millions of pounds each year to local communities to repair, revitalise and reuse their historic environment to foster social cohesion and a strong sense of place. For every £1 invested in 2023-24, projects funded by HES attracted a further £3.92 in additional investment.
- We enable change to our most significant heritage assets while providing the protection they need through designations and consents, ensuring this resource is available for generations to come.
- We support the conservation and reuse of the historic environment in Scotland by providing advice and technical expertise.
- We seek to grow understanding of our historic assets, the benefits they bring and the diverse stories that make up our shared histories.
- We enhance wellbeing and learning by providing access to Scotland's history and heritage through site visits and digital experiences.
- We look after over 300 sites of national importance, over 45,000 objects in the collections and five million items in the archive on behalf of the people of Scotland.
- We run visitor attractions at the properties in our care to support Scottish tourism and generate income for our activities.
- In every aspect of our work we strive to follow our five organisational values – we are collaborative, professional, innovative, open, and respectful.

Our vision

The historic environment is cherished, understood, shared and enjoyed with pride, by everyone.



Our outcomes

Our Corporate Plan 2022 Onwards: *Heritage for All*, sets out five outcomes that we want to achieve which will help us work towards this vision:

1. The historic environment makes a real difference to people's lives.
2. The historic environment is looked after, protected and managed for the generations to come.
3. The historic environment makes a broader contribution to the economy of Scotland and its people.
4. The historic environment inspires a creative and vibrant Scotland.
5. The historic environment is cared for and championed by a high-performing organisation.

These are long-term, aspirational outcomes and we will demonstrate the difference we are making through annual indicators of progress.

Our priorities for 2023-24 are set out within our **Annual Operating Plan 2023-24**. Based on the Scottish Government focus for 2023-24 and the progress we have made over the previous Corporate Plan period, we set out six priorities for 2023-24:

- Wellbeing, inequality and access
- Managing heritage assets
- Net Zero
- Stronger, fairer, greener economy
- Sector recovery
- Building HES

Our Annual Operating Plan follows the structure of the Corporate Plan and identifies priorities in relation to each of our five outcomes and Key Performance Indicators (KPIs). Throughout the year our activities have continued to support delivery of our Corporate Plan and the National Outcomes in the Scottish Government's National Performance Framework. This Annual Report provides information about what we have delivered in 2023-24 to support achievement of these outcomes.

Our Corporate Plan sets out 10 KPIs, which we use to measure our success. Assessment of achievement of KPIs is based on the actions and supporting indicators set out in the tables throughout our successive Annual Operating Plans as well as an analysis of contextual data and case study highlights. We also publish a range of more detailed performance reports: *Our Place in Time to 2023 (Our Past, Our Future 2023 onwards)*, Properties in Care of Scottish Ministers Annual Report, Planning Performance Report and an Annual Procurement Report.



View our **Annual Operating Plan 2023-24**

Supporting government policy and outcomes

HES's plans form part of a much broader ambition to build a more successful Scotland. 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 **Equality, Opportunity, Community: Our Programme for Government 2023 to 2024**.

We work with our partners in the public, private and voluntary sectors to deliver our outcomes, contributing to the achievement of the Scottish Government's strategic objectives and wellbeing outcomes set out in the National Performance Framework. The table on page 13 shows our strongest contributions to these **National Outcomes**.



View **Equality, Opportunity, Community: Our Programme for Government 2023 to 2024**



View the **National Outcomes**



National Outcomes	The historic environment makes a real difference to people's lives	The historic environment is looked after, protected and managed for the generations to come	The historic environment makes a broader contribution to the economy of Scotland and its people	The historic environment inspires a creative and vibrant Scotland	The historic environment is cared for and championed by a high-performing organisation
We have a globally competitive, entrepreneurial, inclusive and sustainable economy		★	★	★	
We are open, connected and make a positive contribution internationally			★	★	★
We tackle poverty by sharing opportunities, wealth and power more equally	★		★		★
We live in communities that are inclusive, empowered, resilient and safe	★	★		★	
We grow up loved, safe and respected so that we realise our full potential	★				
We are well educated, skilled and able to contribute positively to society	★		★	★	
We have thriving and innovative businesses, with quality jobs and fair work for everyone		★	★	★	
We are healthy and active	★	★			★
We value, enjoy, protect and enhance our environment	★	★	★	★	
We are creative and our vibrant and diverse cultures are expressed and enjoyed widely	★			★	
We respect, protect and fulfil human rights and live free from discrimination				★	★

Principal risks

We maintain a risk register to support the delivery of our strategic priorities. The risk register is reviewed regularly by the Executive Leadership Team and the Audit, Risk and Assurance Committee. Further detail on our approach to risk management is provided in the Governance Statement on page 53. The key risks to the delivery of our strategic priorities are set out below.

Risk: Managing heritage assets/climate change

The impact of climate change, lack of resources and inadequate archive accommodation leads to irreversible loss of historic fabric and associated cultural significance over time impacting delivery of our outcome 'The historic environment is looked after, cared for and managed for the generations to come'.

Mitigation action

Already operational

1. Management of the assets in our care under the terms of the Scottish Ministers' Scheme of Delegation for Properties in Care and Associated Collections and detailed in our Asset Management Plan and Investment Plan.
2. Robust archive management policies, plans and procedures are in place to ensure standards of care appropriate for an Accredited Archive Service.

In progress

3. Work to tackle the impacts of climate change on the wider historic environment and support Scotland's carbon reduction targets guided by our sector-leading Climate Action Plan 2020-25 and Climate Change Adaptation Plan *Climate Ready HES*.
4. Build on good progress made with the high-level masonry inspection programme and development of a new inspection model for the properties in our care covering policy, systems and training building on past practice and lessons learned from the high-level masonry programme.

5. Development of a Sustainable Properties in Care Strategy and redesigned inspections regime.
6. Focus is on delivering exceptional care for our existing archive collections and exploring alternative strategies for their future accommodation.

Risk change

This risk increased from 'High' to 'Very High' in Quarter 4 of 2023-24.

Assessment

The baseline risk position for the sites in our care is set out in our Monument Condition Index and our Climate Change Risk Assessment. The escalating costs and project timelines for the archive accommodation (Archive House) project resulted in the increase in risk score from 'High' to 'Very High'.

Looking ahead

Ongoing management of assets in our care and implementation of our sector-leading Climate Action Plan 2020–2025 and Climate Change Adaptation Plan. Work is underway to develop a long-term strategy for the properties in our care that considers how we manage and operate these assets in a sustainable and innovative way to maximise their contribution now and in future. We are also redesigning our inspection regimes to improve condition monitoring at the sites. In light of the decision taken in June 2024 to halt the archive accommodation project (Archive House) the focus is on delivering exceptional care for our existing archive collections and exploring alternative strategies for their future accommodation.

Risk: Cyber and information security

HES is under increasing threat from cyber-attacks, including from outdated/unsupported software, which could result in the loss of, or inability to access, corporate information and sensitive data and/or fraud.

Mitigation action

Already operational

1. Oversight and monitoring by Audit, Risk and Assurance Committee.
2. Named senior manager formally appointed as Senior Information Risk Owner having ownership of HES information risk policy.
3. Overarching Information Technology (IT) and Information Management (IM) strategies, with a suite of supporting technology strategies, policies and procedures to inform cyber and information security.
4. Cyclical mandatory cyber security training for staff and awareness-raising over strict vigilance in respect of unsolicited emails and access to specialist training and intelligence for IT and IM teams.
5. Incident and vulnerability management in place with risks being escalated in line with corporate procedures.

In progress

6. Implementation of recommendations from our internal ISO270001 Information Security Management benchmarking exercise and internal audit report, including renewal of Cyber Essentials Plus certification.

Risk change

This risk increased from 'High' to 'Very High' in Quarter 3 of 2023-24.

Assessment

The risk assessment is informed by increased risk of cyber-attack in the current geopolitical environment, the findings of our ISO27001 benchmarking exercise and 2023 internal audit report.

Looking ahead

Renewal of Cyber Essentials Plus (achieved August 2024) and ongoing user training and vigilance

along with policy and technical controls are essential to maintaining future cyber security. In addition, implementing the findings of our internal ISO270001 benchmarking exercise and 2023 internal audit report will help to mitigate the risk.

Risk: Skills/expertise

The ongoing attrition of traditional skills and failing training provision in key heritage areas will impact our skills pipeline as an organisation, that of our supply chains, and those of our partners and adversely affect delivery of our strategic outcomes, in particular 'The historic environment is looked after, protected and managed for the generations to come' and 'The historic environment makes a broader contribution to the economy of Scotland and its people'.

Mitigation action

Already operational

1. Updated Skills Investment Plan launched in April 2024 which aims to ensure that Scotland has the skills it needs to promote, manage and protect our historic environment.

In progress

2. Extensive cross-sector partnership activity supporting Skills Investment Plan delivery including growing provision and building capacity, attracting future talent and fostering innovation.
3. Development of evidence base on supply and demand to inform investment decisions.

Risk change

This risk was defined as a strategic risk in 2023-24 and assessed as 'High'.

Assessment

The risk assessment is informed by work underpinning the Skills Investment Plan.

Looking ahead

New governance arrangements are being established for the delivery of the Skills Investment Plan to oversee the strategic aims of growing provision and building capacity, attracting future talent and improving access and fostering innovation.

Risk: Financial sustainability

Financial sustainability of HES is impacted by both internal (significant proportion of fixed costs) and external factors (social, environmental, political, constitutional, economic) which could be short or long term in nature. This could result in HES being unable to meet its current obligations, to withstand shocks, and to maintain service and commitment levels at reasonable levels relative to both national expectations and likely future income, while maintaining public confidence, impacting delivery of all of our strategic outcomes and in particular: 'The historic environment is cared for and championed by a high performing organisation'.

Mitigation action

Already operational

1. Governance oversight, including through Finance Committee reporting to the Board.
2. Level of support from Scottish Government committed through Framework Document and legislation.
3. Diversified funding model supported by commercial and fundraising strategies.
4. Strong financial management with balanced budget approved annually.

In progress

5. Ongoing engagement with Scottish Government to improve financial resilience and sustainability through review of the HES business model.
6. Revision of our 5-year Financial Strategy and delivery of action plan with a focus on sustainability of income sources and expenditure control.

Risk change

This risk was raised in 2017-18. It peaked at 'Very High' during the initial pandemic period but has remained at 'High' since 2022-23.

Assessment

The assessment of this risk has been informed by economic forecasts and financial modelling which comes with a range of uncertainties.

Looking ahead

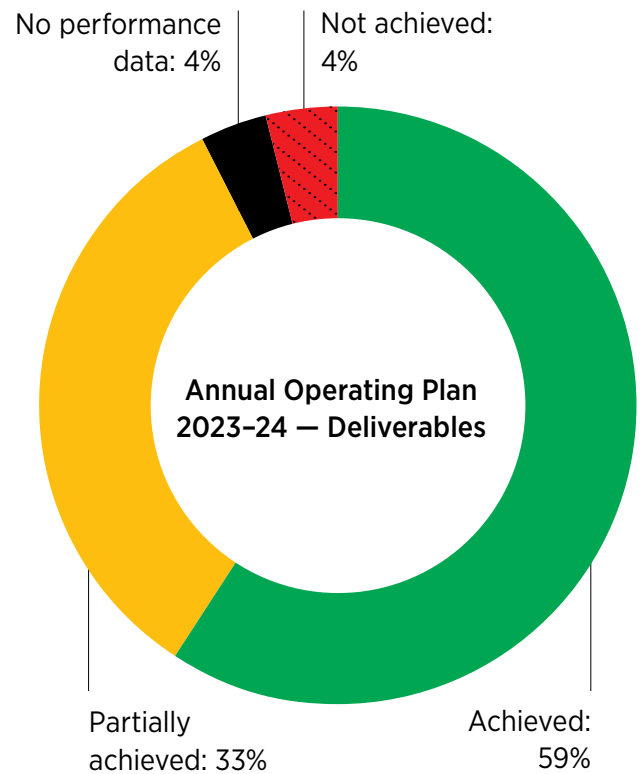
For 2024-25 our focus will be continuing to develop our financial strategy and business model with a focus on improving both resilience and sustainability, and the development of a masterplan for Edinburgh Castle to ensure it delivers sustainable benefits for HES and Scotland into the future.

Performance summary 2023-24

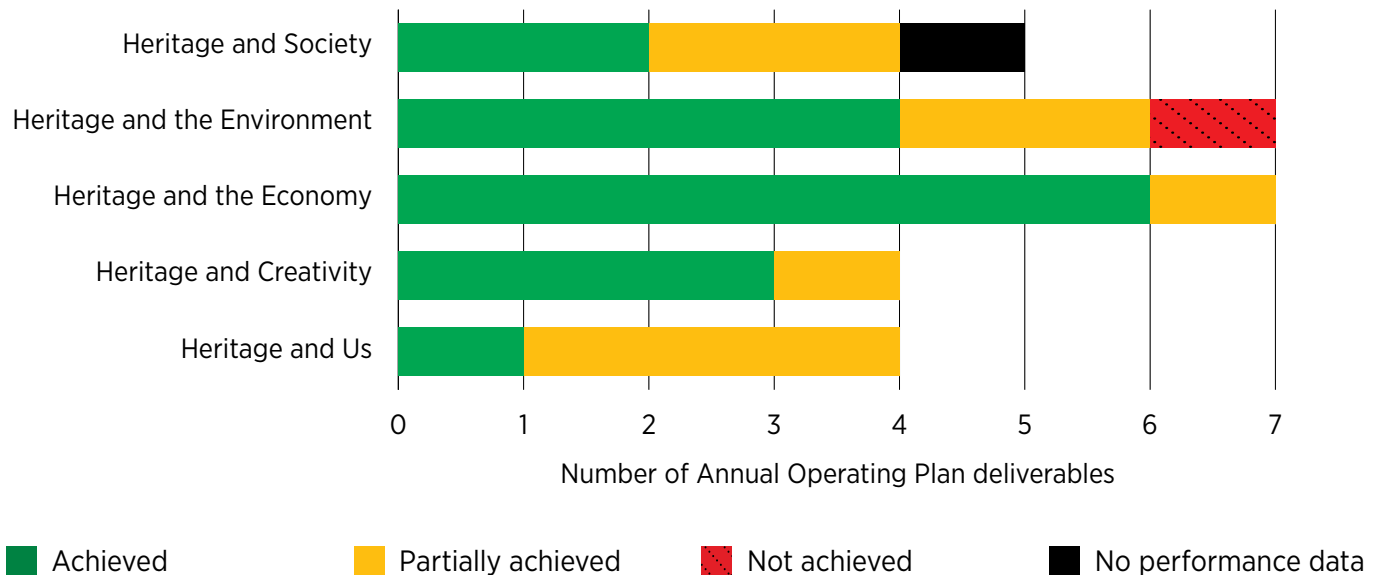
2023-24 is the second year of our refreshed Corporate Plan *Heritage for All*. Against a very challenging set of circumstances we accomplished a great deal, with 93% of our Annual Operating Plan deliverables either achieved or partially achieved, compared to 100% in 2022-23, 93% in 2021-22 95% in 2020-21 and 95% in 2019-20.

We recognise that while this performance is good, conditions remain challenging for everyone. As we move into the second year of implementation of the national strategy for the historic environment, *Our Past, Our Future*, it continues to set the direction for addressing the key challenges together. Our successes over the course of the year span the full range of our functions, including how we continued to transform the way the organisation works in response to the continuing effects of Covid and in light of challenging economic conditions.

Of the 27 deliverables in 2023-24, 16 were fully achieved, nine were partially achieved and one was not achieved. There is one deliverable for which we have been unable to calculate performance.



Annual Operating Plan 2023-24 — Deliverables



Trends in performance statistics

RAG (red, amber, green) status of our Corporate Plan *Heritage for All* KPIs over the last five years based on delivery of contributing Annual Operating Plan deliverables.

KPIs are assessed at Achieved (green), Partially Achieved (amber) or Not Achieved (red).

Achieved = 50% or more of actions Achieved and remaining actions Partially Achieved. No actions Not Achieved.

Partially Achieved = 50% or more of actions Achieved or Partially Achieved. Fewer than 50% of actions Not Achieved.

Not Achieved = 50% or more of actions Not Achieved.

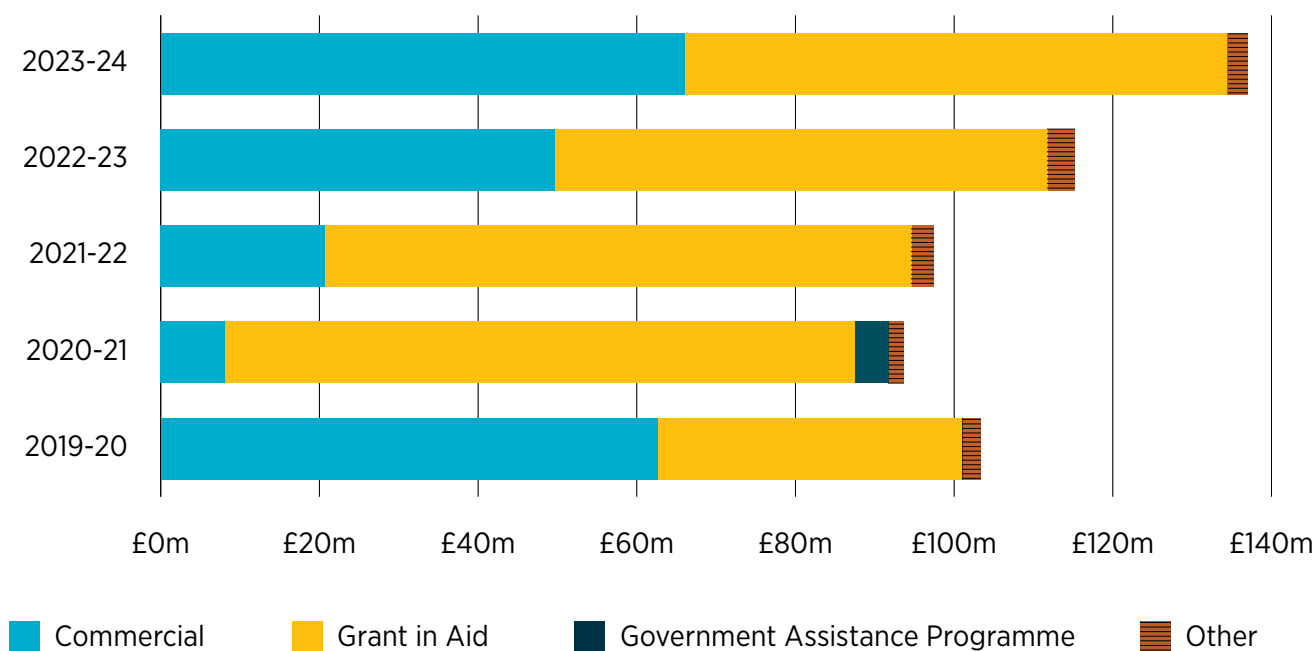
Unable to Report = No performance is able to be calculated.

Outcome	Key Performance Indicator (KPI)	RAG 2019–20 deliverables	RAG 2020–21 deliverables
Heritage and Society	1 Increase wellbeing from Scotland's historic environment	Achieved: 3 of 3	Achieved: 3 of 4 Partially Achieved: 1 of 4
	2 Increase engagement with Scotland's historic environment	Achieved: 7 of 8 Partially Achieved: 1 of 8	Achieved: 6 of 7 Partially Achieved: 1 of 7
	3 Enhance communities' use of their heritage in placemaking	Achieved: 2 of 2	Achieved: 3 of 3
Heritage and the Environment	4 Strengthen the resilience of Scotland's historic environment	Achieved: 7 of 11 Partially Achieved: 2 of 11 Not Achieved: 2 of 11	Achieved: 7 of 12 Partially Achieved: 3 of 12 Not Achieved: 2 of 12
	5 Increasingly lead the sector in climate change	Achieved: 3 of 3	Achieved: 2 of 4 Partially Achieved: 2 of 4
Heritage and the Economy	6 Increase economic benefits from Scotland's historic environment	Achieved: 7 of 12 Partially Achieved: 4 of 12 Not Achieved: 1 of 12	Achieved: 7 of 8 Partially Achieved: 1 of 8
Heritage and Creativity	7 Increasingly inspire creativity and innovation	Achieved: 5 of 6 Partially Achieved: 1 of 6	Achieved: 4 of 6 Partially Achieved: 2 of 6
	8 Increase international recognition of the quality of Scotland's historic environment	Achieved: 1 of 2 Partially Achieved: 1 of 2	Achieved: 5 of 5
Heritage and Us	9 Grow trust and confidence in HES	Achieved: 5 of 5	Achieved: 2 of 2
	10 Enhance the sustainability of HES	Achieved: 6 of 7 Partially Achieved: 1 of 7	Achieved: 5 of 9 Partially Achieved: 3 of 9 Not Achieved: 1 of 9
Total	Overall delivery of Annual Operating Plan deliverables and KPI RAG Status	Achieved/Partially Achieved: 56 of 59 (95%) Not Achieved: 3 of 59	Achieved/Partially Achieved: 57 of 60 (95%) Not Achieved: 3 of 60

Outcome	Key Performance Indicator (KPI)	RAG 2021–22 deliverables	RAG 2022–23 deliverables	RAG 2023-24 deliverables
Heritage and Society	1 Increase wellbeing from Scotland's historic environment	Achieved: 1 of 2 Partially Achieved: 1 of 2	Achieved: 1 of 1	No performance data
	2 Increase engagement with Scotland's historic environment	Achieved: 2 of 5 Partially Achieved: 3 of 5	Achieved: 3 of 3	Achieved: 2 of 3 Partially Achieved: 1 of 3
	3 Enhance communities' use of their heritage in placemaking	Achieved: 1 of 1	Achieved: 1 of 1	Partially Achieved: 1 of 1
Heritage and the Environment	4 Strengthen the resilience of Scotland's Historic Environment	Achieved: 6 of 10 Partially Achieved: 2 of 10 Not Achieved: 2 of 10	Achieved: 2 of 5 Partially Achieved: 3 of 5	Achieved: 2 of 5 Partially Achieved: 2 of 5 Not Achieved: 1 of 5
	5 Increasingly lead the sector in climate change	Achieved: 4 of 4	Achieved: 2 of 2	Achieved: 2 of 2
Heritage and the Economy	6 Increase economic benefits from Scotland's historic environment	Achieved: 6 of 10 Partially Achieved: 4 of 10	Achieved: 8 of 8	Achieved: 6 of 7 Partially Achieved: 1 of 7
Heritage and Creativity	7 Increasingly inspire creativity and innovation	Achieved: 3 of 4 Partially Achieved: 1 of 4	Achieved: 3 of 3	Achieved: 3 of 3
	8 Increase international recognition of the quality of Scotland's historic environment	Achieved: 1 of 2 Partially Achieved: 1 of 2	Achieved: 1 of 1	Partially Achieved: 1 of 1
Heritage and Us	9 Grow trust and confidence in HES	Partially Achieved: 2 of 2	Achieved: 1 of 1	Partially Achieved: 1 of 1
	10 Enhance the sustainability of HES	Achieved: 2 of 6 Partially Achieved: 3 of 6 Not Achieved: 1 of 6	Achieved: 3 of 3	Achieved: 1 of 3 Partially Achieved: 2 of 3
Total	Overall delivery of Annual Operating Plan deliverables and KPI RAG Status	Achieved/ Partially Achieved: 43 of 46 (93%) Not Achieved: 3 of 46	Achieved/ Partially Achieved: 28 of 28 (100%) Not Achieved: 0 of 28	Achieved/ Partially Achieved: 25 of 27 (93%) Not Achieved: 1 of 27 No performance data: 1 of 27

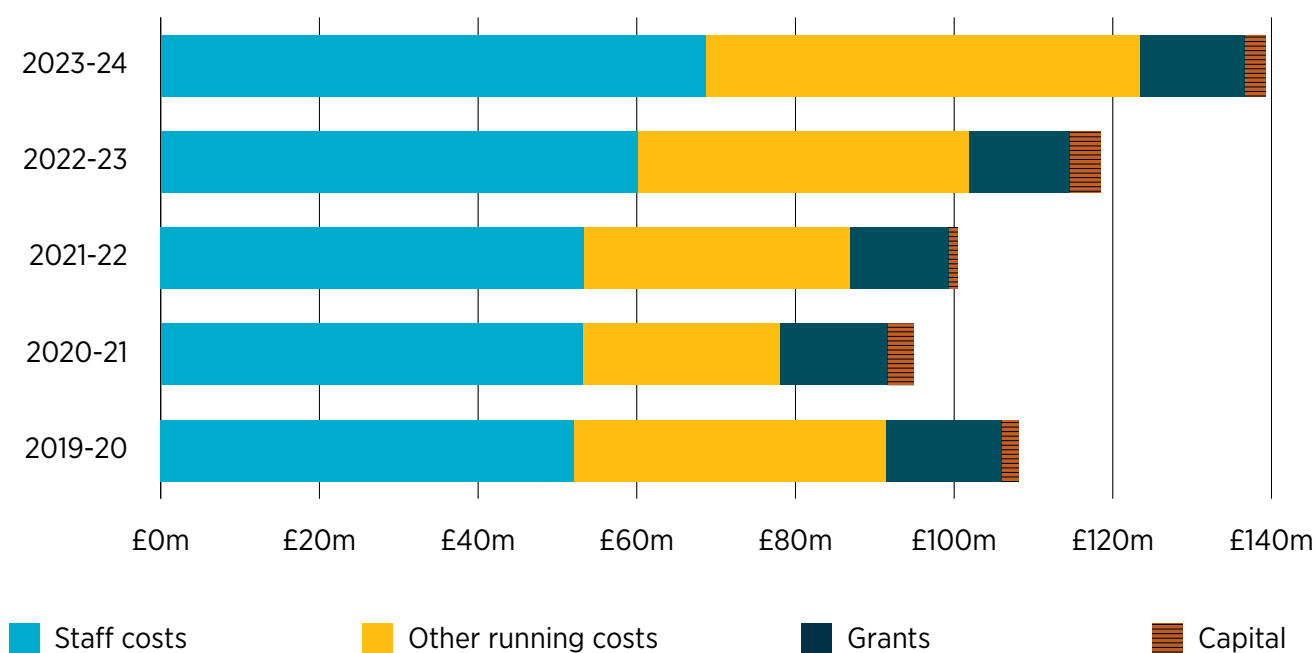
Financial summary

Income



Total income increased 19% year on year with commercial income increasing 33% and Scottish Government grant in aid increasing 10%. HES’s commercial income continued to grow during 2023-24 and was 5% higher than the largely pre-pandemic level of 2019-20.

Expenditure



Year-on-year increases in commercial activity and investment, as well as inflationary pressures, have resulted in expenditure increasing 18% between 2022-23 and 2023-24.

Our expenditure was within Scottish Government limits for 2023-24.

The Board and Accountable Officer are satisfied that it is appropriate to prepare the financial statements on a going concern basis due to expectations of continued Scottish Government funding and recovery in commercial income.

Performance analysis

Sgrùdadh air dèanadas

Performance against plan 2023-24

Heritage and Society – Performance results (5 deliverables)

KPI 1: Increase wellbeing from Scotland's historic environment (1 deliverable)

Annual Operating Plan deliverables	What success will look like	Result and feedback
Wellbeing – 1.1 Shared established wellbeing benefits of the historic environment, specifically targeting those groups who could benefit most.	Increased from 19,200 in 2022-23 the number of people from Scotland's 20% most deprived areas engaged with HES for the first time through both volunteering and properties in our care visits by 31 March 2024.	No performance is able to be calculated. No performance is able to be calculated due to improvements in data quality rendering performance unable to be calculated on a like-for-like basis with the target.

KPI 2: Increase engagement with Scotland's historic environment (3 deliverables)

Annual Operating Plan deliverables	What success will look like	Result and feedback
Equalities – 1.2 Implemented our Equality Outcomes Action Plan 2021-25, which incorporates ambitions on our society, our services and our people.	Delivered 60% or more of the 2023-24 high-level planned actions in the Equality Outcomes Action Plan by 31 March 2024.	Achieved Delivered over 60% of actions. Highlights include: <ul style="list-style-type: none"> • New six-year British Sign Language Plan for 2024-2030. • Surveying and Analysing Connections between Properties in Care and the British Empire, c.1600–1997 report published.
Young people – 1.3 Involved young people in decision-making and co-creation of services, including digital, guided by the HES Youth Forum.	Embedded the Youth Action Plan within the organisation with owners and timescales identified and action underway by 31 March 2024.	Partially Achieved A Youth Participation and Engagement Officer has been appointed and action is underway.
Trove.scot – 1.4 Improved digital access to information on the historic environment as part of our long-term strategy for our digital information, archives and collections.	Trove.scot (previously Heritage Hub) has passed the Alpha and Beta Digital Scotland Service Standard (DSSS) audits and development is underway by 31 March 2024.	Achieved The project has fully completed the Digital Scotland Service Standard (DSSS) Audits. Development is at an advanced stage for minimum viable product delivery.



View the **British Sign Language Plan for 2024-2030**



View the **Surveying and Analysing Connections between Properties in Care and the British Empire, c.1600–1997** report

KPI 3: Enhance communities' use of their heritage in placemaking (1 deliverable)

Annual Operating Plan deliverables	What success will look like	Result and feedback
Communities - 1.5 Worked with key partners to develop our community strategic framework through a place based approach to help communities understand, promote and develop the benefits of their heritage.	Published HES Community Strategic Framework by 31 March 2024.	Partially Achieved HES Community Strategic Framework has been developed and approved.

Heritage and the Environment – Performance results (7 deliverables)


KPI 4: Strengthen the resilience of Scotland's historic environment (5 deliverables)

Annual Operating Plan deliverables	What success will look like	Result and feedback
<p>High-level masonry – 2.1 Identified the level of high-level fabric risk, required repairs and mitigation measures at our properties in care (PICs), and improved access to sites where possible.</p>	<p>Completed remaining site inspections, concluding all 70 identified under the high-level masonry programme where access restrictions are currently in place, and opening or partially opened those sites where possible by 31 March 2024.</p>	<p>Partially Achieved</p> <ul style="list-style-type: none"> 67 PICs from the priority list were inspected meeting Partially Achieved target of 60. Overall, we have currently inspected 92 PICs, some of which are not on the priority batched list, however they have been inspected to minimise revisits in future with associated cost for remobilising staff, contractors and equipment. Sites where inspection could not take place are due to inaccessibility, site protection and one case of the site being in too poor a condition for inspection to be worthwhile.
<p>PIC Strategy – 2.2 Engaged on the application of our long-term strategy for the properties in our care (PIC) including proposals for the sustainable management and operation of the assets, supporting prioritisation for decision-making and investment, and delivery of benefits to people now and for generations to come.</p>	<ul style="list-style-type: none"> Delivered consultation and engagement on our long-term strategy for the PICs. Started application of the 'values assessment framework' on the PICs by 31 March 2024. 	<p>Not Achieved Where 50% or more of the success criteria are Not Achieved, the status is assessed to be Not Achieved overall.</p> <p>Consultation and Engagement (Not Achieved) Consultation and engagement remain key to strategy development. However, it has taken time to develop an engagement plan and so this part of the deliverable was not achieved. Consultation and engagement with colleagues is underway and will be extended to the heritage sector and the public in due course.</p> <p>Values Assessment Framework (Achieved) We made a start with applying the 'values assessment framework' to the PICs, learning lessons from its use in the sector and making it fit for purpose within HES.</p>
<p>Collections – 2.3 Enhanced the care and management of collections associated with the properties in our care in line with the <i>Scheme of Delegation</i>.</p>	<ul style="list-style-type: none"> Completed the safe inclusion of the Stone of Destiny and Honours of Scotland in events planned for the coronation of King Charles III by 31 July 2023. Delivered 70% or more of Year 2 project targets for Government Indemnity Scheme project and Collections Inventory project by 31 March 2024. 	<p>Achieved</p> <ul style="list-style-type: none"> All ceremonial processes completed related to the use of the Stone of Destiny and Honours of Scotland in the coronation of King Charles III. Government Indemnity Scheme project – 91.5% of the original project targets were delivered as well as significant additional work pulled forward from year 2. Collections Inventory project – 100% of project targets delivered.


Annual Operating Plan deliverables	What success will look like	Result and feedback
Archive House – 2.4 Improved the storage conditions of the archives in our care.	Completed Royal Institute of British Architects (RIBA) Stage 4 (Technical Design) by 31 March 2024.	Partially Achieved The deliverable is assessed as Partially Achieved based on Annual Operating Plan 2023-24 success criteria and the position reached at 31 March 2024. RIBA Stage 3 was complete, RIBA Stage 4 was advancing well, and a contractor selected for the project. Due to escalating costs and project delays, the decision was taken in June 2024 to cancel the Archive House project and to explore alternative strategies for the long-term accommodation of the archive.
Research – 2.5 Implemented our multi-partner Research Strategy 2023-28, focusing on research to support our work around climate change, tackling inequality, and driving innovation.	Delivered, or on track to deliver, 20% or more of the multi-partner 2023-28 Research Strategy actions by 31 March 2024.	Achieved On track to deliver 48% of Research Strategy priorities as confirmed by the HES research forum. Highlights include: <ul style="list-style-type: none"> • Research into the retrofit of traditional buildings, supported by a £1 million funding award. • PhD studentships exploring social value and the retrofit of traditional buildings, and how to make more sustainable use of stone as a building material. • Research into carbon offsetting and the historic environment.

KPI 5: Increasingly lead the sector in climate change action (2 deliverables)

Annual Operating Plan deliverables	What success will look like	Result and feedback
HES emissions – 2.6 Delivered greenhouse gas (GHG) emission reductions identified in our Carbon Management Plan.	Responsible for no more than 4,413 tonnes of GHG emissions (tCO ₂ e) from sources within our organisational boundary by 31 March 2024.	Achieved HES annual carbon emissions for 2023-24 are 3,920 tCO ₂ e.
Climate change adaptation – 2.7 Continued to implement our ambitious Climate Action Plan (CAP) to support the green recovery and to promote the value and knowledge of the heritage sector in supporting a transition to a low carbon economy.	Progressed delivery of our Climate Action Plan to 80% of actions delivered or on track by 31 March 2024 (Year 4 of 5) from 71% in 2022-23.	Achieved At year end 81% of Climate Action Plan actions delivered or on track.



[View the Research Strategy](#)



[View the Climate Action Plan](#)

Heritage and the Economy – Performance results (7 deliverables)

KPI 6: Increase economic benefits from Scotland's historic environment (7 deliverables)

Annual Operating Plan deliverables	What success will look like	Result and feedback
Casework – 3.1 Dealt with regulatory activities, consultations and decisions within stated timescales.	Maintained delivery at 90% or more dealt with within stated timescales during 2023-24.	Achieved Maintained delivery of 94% with 3,700 cases met out of 3,917 (217 missed).
Growth deals – 3.2 Promoted the contribution of the historic environment and the sector in national and regional economic planning and investment strategies.	Deepened engagement and identified opportunities of agreed mutual benefit in at least 5 existing Local Authority and Economic Agency Growth Deal areas by 31 March 2024.	Achieved Highlights include: <ul style="list-style-type: none"> • Engagement with Growth Deal Programme Boards across Scotland including Tay Cities, Island Deal and Borderlands. • Engagement with South of Scotland Regional Economic Partnership. • Community Wealth Building approach agreed. • Continued to advise the Moray Growth Deal programme on Cultural Quarter proposals.
Tourism impact – 3.3 Increased the number of visits to our sites, benefitting local tourism economies.	<ul style="list-style-type: none"> • Increased the number of visits to our sites from 3.3 million in 2022-23 to over 3.7 million by 31 March 2024. • Increased the direct and indirect contribution to local tourism economies to £729 million by 31 March 2024. 	Achieved <ul style="list-style-type: none"> • Increased number of visits to our sites to 4.5 million visitors. • Increased the economic contribution to local tourism economies to £887 million.
Visitor experience – 3.4 Provided high quality visitor experiences at our sites as the largest operator of paid visitor attractions in Scotland, including providing innovative experiences at our sites affected by high-level masonry access restrictions.	Maintained or improved visitor overall enjoyment scores from our fully open sites at or better than 8.9 in 2022-23 by 31 March 2024.	Partially Achieved Overall Enjoyment score of 8.84/10. A large proportion of responses now come from Edinburgh Castle where scores are lower than other sites, dampening the score overall. A higher proportion of ticket sales for Edinburgh Castle are online versus other sites. As a result more visitors to Edinburgh have automatic access to the survey.
Grants – 3.5 Used our grant programmes to attract investment into local economies across Scotland.	Invested at least £13.5 million in local economies through our grant schemes in 2023-24, taking the total invested since 2019 to £65.8 million.	Achieved We invested £13.7 million, including £0.5 million reallocation to Royal Botanic Garden Edinburgh, taking the total invested since 2019 to £66.1 million.

Annual Operating Plan deliverables	What success will look like	Result and feedback
<p>Procurement – 3.6 Delivered Year 2 of our Sustainable Procurement Strategy 2022-26 to achieve value for money, benefits to HES, society and the economy of Scotland, whilst minimising damage to the environment.</p>	<p>Spent at least £30 million with Scottish suppliers in 2023-24, taking the total spent since 2019 to £135 million.</p>	<p>Achieved Spend with Scottish suppliers for 2023-24 was £33.1 million, taking the total spent since 2019-20 to £138 million.</p>
<p>Skills – 3.7 Worked with partners to review and refresh the Historic Environment Skills Investment Plan.</p>	<p>Reviewed and published a new, multi-partner sector Historic Environment Skills Investment Plan by 31 March 2024.</p>	<p>Achieved The new 2024-29 Skills Investment Plan has been published with the launch event taking place in April 2024.</p>



View the **2024-29 Skills Investment Plan**

Heritage and Creativity – Performance results (4 deliverables)

KPI 7: We increasingly inspire creativity and innovation (3 deliverables)

Annual Operating Plan deliverables	What success will look like	Result and feedback
<p>Learning – 4.1 Engaged learners with heritage through a blended offer of site visits, partnership projects, digital content and participative activities; to include projects specifically targeted at priority audiences of schools, youth work and Community Learning and Development.</p>	<p>Engaged over 40,000 learners and delivered 5 projects targeting priority audiences by 31 March 2024.</p>	<p>Achieved 88,000 learners engaged in 2023-24 (2022-23: 55,000). A diverse programme for priority audiences included:</p> <ul style="list-style-type: none"> • Schools: 'Castle Science' STEM (science, technology, engineering, and mathematics) outreach programme reached over 7,000 pupils. New 'Defend Scotland's Heritage' learning resources are available online. Junior Tour Guides delivered at 6 sites and a new approach was piloted at Kinneil House with Bo'Ness schools. • Youth work: The Heritage Remixed programme delivered partnership projects with young people in Moray, Orkney, Inverness and Inverclyde including 'Highland Pride', our first LGBT+ youth project. • Community: highlights included Creative Caerlaverock and Trinity House community programmes and our Archives Outreach project which expanded to reach 800 adult learners through themed talks and reminiscence workshops.
<p>Gaelic – 4.2 Developed our new Gaelic Language Plan.</p>	<p>Submitted our Gaelic Language Plan for approval to Bòrd na Gàidhlig by 6 June 2023.</p>	<p>Achieved</p> <ul style="list-style-type: none"> • Successfully submitted our Gaelic Language Plan for approval to Bòrd na Gàidhlig by 6 June 2023. Approved in November 2023. • Our Gaelic Language Plan was published in December 2023.
<p>Intangible cultural heritage – 4.3 Implemented Year 2 of our multi-partner <i>Intangible Cultural Heritage Action Plan</i>, with a focus on building the capacity of communities to safeguard their intangible culture.</p>	<p>Delivered 60% of actions planned for 2023-24 by 31 March 2024.</p>	<p>Achieved Delivered 70% of planned actions. Highlights include:</p> <ul style="list-style-type: none"> • Work underway to better understand ICH at risk and how we might integrate learning from others into how we take forward ICH safeguarding activity in Scotland. • Working with NatureScot, and funded by Bòrd na Gàidhlig, we have completed the research phase of a project exploring how Gaelic placenames can help communities to understand the cultural and natural heritage of their local areas.



View the **Gaelic Language Plan**

**KPI 8: We increase international recognition of the quality of Scotland’s historic environment
(1 deliverable)**

Annual Operating Plan deliverables	What success will look like	Result and feedback
<p>International - 4.4 Worked with key partners to review our International Strategy to determine priorities and resources to support Scotland’s international aims.</p>	<p>International Strategy reviewed and approved by Executive Leadership Team by 31 March 2024.</p>	<p>Partially Achieved Strategy review and policy analysis complete.</p>

Heritage and Us – Performance results (4 deliverables)

KPI 9: Grow trust and confidence in HES (1 deliverable)

Annual Operating Plan deliverables	What success will look like	Result and feedback
<p>Sector strategy – 5.1 Worked with our partners to establish the delivery structure needed to achieve the mission and key performance indicators of the sector strategy.</p>	<p>Established delivery mechanisms at national, regional and, where appropriate, local level.</p>	<p>Partially Achieved:</p> <ul style="list-style-type: none"> • National delivery mechanisms for <i>Our Past, Our Future</i> in place with regional and local to follow. • The delivery plan is key to the regional and local level and is required before they can be finalised. The delivery plan is being finalised to incorporate regional interests (work with regional economic partnerships) and mechanisms to engage and support local interests (strategic partnerships). The delivery framework was published in September 2024.

KPI 10: Enhance the sustainability of HES (3 deliverables)

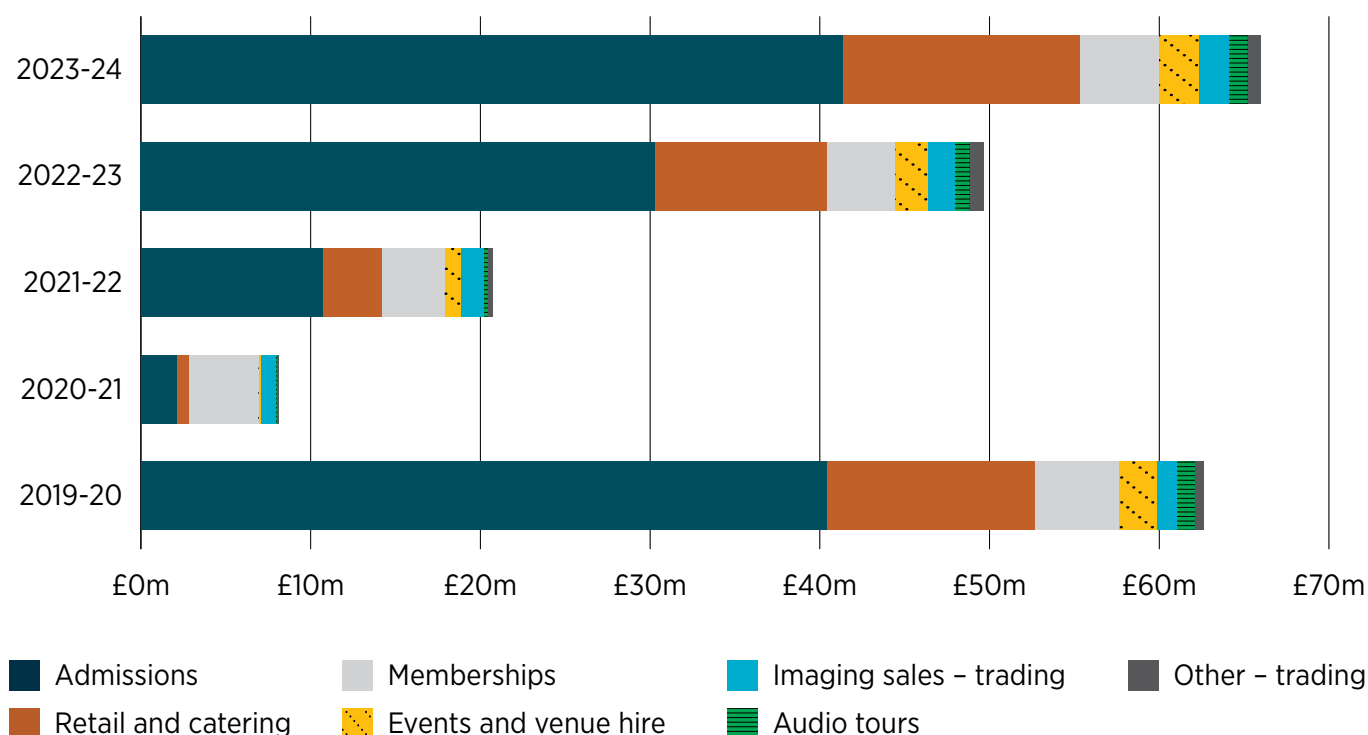
Annual Operating Plan deliverables	What success will look like	Result and feedback
<p>Financial sustainability – 5.2 Improved our organisational resilience and financial sustainability.</p>	<ul style="list-style-type: none"> Action Plan for taking forward business model recommendations approved by HES Board by 31 March 2024. Redeveloped financial strategy to provide a clear and concise view of future sustainability approved by HES Board by 31 March 2024. 	<p>Partially Achieved:</p> <ul style="list-style-type: none"> Good progress has been made in 2023-24 with both the business model and financial strategy. The financial strategy was approved in quarter 1 of 2024-25 and discussions relating to the business model are ongoing with Scottish Government. The Scottish Government have agreed to move forward to the next stage of developing the case for a business model that supports greater financial sustainability and resilience.
<p>Our people – 5.3 Delivered and Implemented Year 4 of our <i>People Strategy 2020-2025</i>.</p>	<ul style="list-style-type: none"> Delivered 75% or more of Year 4 actions in our People Strategy by 31 March 2024. Fully implemented and embedded our agreed approach to strategic workforce planning in 2023-24. 	<p>Achieved</p> <ul style="list-style-type: none"> People Strategy - 80% of actions have been completed and launched, or are in the final stages of launching. One key highlight from 2023-24 was the piloting and launch of the 35-hour week. Any outstanding actions from 2023-24 are being carried forward into 2024-25. This includes finalising the resourcing review, pay and grading review, and launching the employee recognition scheme. Strategic workforce planning – work has continued throughout 2023-24 with a HES-wide Strategic Workforce Plan and directorate action plans launched in quarter 1 of 2024-25.
<p>Transformation – 5.4 Continued to transform the way we work to ensure our operations deliver best value in line with the Public Bodies Reform agenda, including delivery of HES-Digital.</p>	<ul style="list-style-type: none"> Established a Digital Transformation and Delivery Service through which digital innovation and user-centred design is embedded in HES by 31 March 2024. Developed and started to implement a Smarter Working Plan by 31 March 2024. 	<p>Partially Achieved</p> <ul style="list-style-type: none"> Digital transformation and Delivery Service – work progressed including appointment of user centred design lead and new team structures to support a Digital Transformation and Delivery service. Smarter working – strategy and supporting documents developed but implementation not yet underway.

Financial review

Our income

Total income has increased £21.8 million (19%) from £115.2 million in 2022-23 to £137 million in 2023-24. Our total commercial income has increased £16.3 million (33%) from £49.7 million in 2022-23 to £66 million in 2023-24 as the recovery from the pandemic continues. Scottish Government grant in aid also increased 10% from £62.1 million in 2022-23 to £68.3 million in 2023-24.

Commercial income



Our commercial income is reported in the financial statements as either Income from charitable activities (note 3) or Income from trading activities (note 4) in line with the Charities Statement of Recommended Practice (Charities SORP).

Income from charitable activities (note 3) includes admissions, memberships and other activities directly linked to our charitable purpose. Our income from charitable activities has increased £10.9 million (29%) from £38.1 million in 2022-23 to £49 million in 2023-24. Visitor numbers increased from 3.3 million in 2022-23 to 4.5 million in 2023-24 and linked admissions income has increased from £30.3 million in 2022-23 to £41.3 million in 2023-24.

Membership numbers have increased from 184,000 to 195,000 with associated membership income increasing from £4 million in 2022-23 to £4.7 million in 2023-24.

Our trading activities are those that are undertaken to generate funds to support our charitable work but are not direct charitable activities themselves. Income from trading activities (note 4) is primarily retail sales at our sites and online, income from events, sales of digital images and other miscellaneous activities. Income from trading activities has increased £4.3 million (30%) from £14.5 million in 2022-23 to £18.8 million in 2023-24.

Thank you to our donors

Each year HES receives support from donors across the world. We want to thank all those who have made a donation towards our work through a gift at one of our sites, an online donation, funding from a philanthropic trust, or through a personal donation.

This year we have received more legacies and gifts made in memory of others. We want to acknowledge these particularly meaningful gifts and to thank those who have let us know their intention to leave a gift in their will.

We are grateful to the donors and trustees of the Historic Scotland Foundation who have provided support for a number of projects this year, particularly for trove.scot (previously known as Heritage Hub) initiative that will secure and make available more of the digital archival collections that tell Scotland's story.

Donations enable us to do more to conserve and reveal our valuable places, collections and archives.

Our donors and supporters are valued stakeholders and our fundraising activity continues in line with our Ethical Donations Policy, which promises to treat our donors fairly and with respect.

Thank you to all who have donated, and in doing so, have shared with us their love for Scotland's history.



Please go to www.historicenvironment.scot/donate to find out more.

Our expenditure

Total expenditure has increased £9.4 million (8%) from £119.7 million in 2022-23 to £129.1 million in 2023-24, with increased operational and income generating activity year on year.

Staff costs are our largest category of expenditure and increased £8.6 million (14%) from £60.1 million in 2022-23 to £68.7 million in 2023-24. The increase partly reflects increase in full-time equivalent staff numbers of 12% from 1,353 in 2022-23 to 1,516 in 2023-24. The increase in staff costs also includes the impact of the 2023-24 HES pay award, which was in line with pay policy set by Scottish Ministers.

Expenditure on charitable activities (note 7) covers a broad range of activities, including conservation, operating visitor attractions and regulatory work. Expenditure has increased £19.1 million (21%) from £88.9 million in 2022-23 to £108 million in 2023-24.

We have invested £40.4 million through our Investment Plan over the past five years to enhance the condition of our sites and improve the experience of our visitors, alongside other corporate priorities.

Investment plan	2019-20 £m	2020-21 £m	2021-22 £m	2022-23 £m	2023-24 £m	Total £m
Site condition	5.6	1.9	4.5	5.3	6.4	23.7
Visitor experience	1.0	0.2	0.3	0.6	0.2	2.3
Corporate systems and other corporate priorities	2.9	3.8	1.1	2.6	4.0	14.4
Total	9.5	5.9	5.9	8.5	10.6	40.4

Expenditure on raising funds (note 6) includes the cost of our retail and other income generation not directly from undertaking charitable activities. Expenditure on raising funds has increased £2.4 million (18%) from £13 million in 2022-23 to £15.4 million in 2023-24 supporting the 30% increase from trading activities.

Our grant expenditure as reported in the financial statements is recognised in full once a grant offer has been made in line with the Charities SORP. Expenditure on grants (note 8) decreased from £17.9 million in 2022-23 to £5.7 million in 2023-24. New grants committed vary from year to year depending on the timing and cyclical nature of some multi-year grant programmes. We issued £9.4 million in multi-year commitments to City Heritage Trusts in 2022-23, whilst in 2023-24 we did not have such large multi-year commitments under consideration.

Our grant expenditure is funded from an allocation within our Scottish Government grant in aid. Our grant expenditure reported to the Scottish Government is based on grants invested from current year funding which in 2023-24 was £13.7 million including £0.5 million transferred to the Royal Botanic Garden Edinburgh (2022-23: £12.7 million).

Support costs (note 9) are allocated across expenditure on raising funds, expenditure on charitable activities and expenditure on grants in the statement of financial activities. Support costs have increased £0.7 million, from £19.8 million in 2022-23 to £20.6 million in 2023-24. The underlying increase excluding £1.8 million increase in provision for dilapidations in 2022-23 is £2.6 million and this is mainly due to increase in staff costs.

HES made the decision in June 2024 to stop the development of the Archive House as originally planned due to escalating costs and unachievable project timelines. Expenditure includes impairment of assets under construction brought forward of £0.7 million and a further write-off of expenditure during year to 31 March 2024 of £1.3 million.

Outturn against Scottish Government budget limits

The Scottish Government allocates a budget to HES each year and this is based on expenditure net of commercial income generated by HES. This budget is to cover revenue expenditure (known as Resource Departmental Expenditure Limit or 'Resource DEL'), capital expenditure (known as Capital Departmental Expenditure Limit or 'Capital DEL'), non-cash costs such as depreciation, as well as annually managed expenditure (AME) for specific unpredictable costs such as increases in provisions.

HES's outturn was within budget limits as shown below:

HES grant in aid	Original £m	Revisions £m	Final £m	Outturn £m	Variance £m
Resource DEL	59.7	0.1	59.8	59.3	0.5
Capital DEL	9.0	(0.5)	8.5	8.5	-
Sub-total: cash	68.7	(0.4)	68.3	67.8	0.5
Non-cash	4.0	0.5	4.5	4.1	0.4
AME	-	-	-	-	-
Sub-total: non-cash	4.0	0.5	4.5	4.1	0.4
Total	72.7	0.1	72.8	71.9	0.9

Reconciliation between reporting as a NDPB and as a charity

Our financial statements have been prepared in accordance with the Government Financial Reporting Manual (FReM) and the Charities SORP in line with direction from Scottish Ministers (reproduced on page 115).

There are certain differences in how our performance is reported to the Scottish Government as a non-departmental public body (NDPB) compared to how we report performance in our financial statements in line with the Charities SORP. The main differences are with accounting for grant liabilities, capital expenditure, and funding for non-cash depreciation expenditure.

	2023-24 £m	2022-23 £m
Outturn against Scottish Government budget limits	0.9	(0.4)
<i>Adjustments:</i>		
Difference between grants offered in year and grants invested	8.4	(4.5)
Capitalisation of tangible fixed assets	2.7	3.9
Scottish Government non-cash allocation	(4.5)	(3.0)
Other adjustments	0.4	(0.5)
Net income / (expenditure) per the financial statements	7.9	(4.5)

Our financial position

As a public body, HES is restricted in its ability to build up reserves. The group balance sheet as at 31 March 2024 shows unrestricted funds of £22.1 million (2022-23: £12.6 million) but there is an underlying deficit position once the substantial fixed asset balances are excluded.

The Office of Scottish Charity Regulator's (OSCR's) definition of reserves is 'the funds that your charity has which can be freely spent on any of its charitable purposes'. This definition excludes restricted funds and tangible fixed assets.

Our reserves are negative £25.6 million (2022-23: negative £34.6 million). HES has negative general reserves and negative current liabilities as there is a disparity between grant income received and grants payable. Government grant in aid is drawn down on the basis of need and is accounted for as received. HES must commit to grants on a longer-term basis to allow grant recipients to appropriately plan. Whilst grant expenditure is accounted for on commitment, the total grant payments in each year are closely managed based on grant in aid funding available for that year.

Essentially, we are reliant on future Scottish Government funding to meet our grant liabilities. Excluding future grant commitments (e.g. for work not yet undertaken by grant recipients), our reserves are negative £9.4 million (2022-23: negative £10 million). Excluding total grant liabilities, our reserves are positive £5.1 million (2022-23: positive £2.3 million).

General reserves	2023-24	2022-23
	£m	£m
Unrestricted funds	22.1	12.6
Less unrestricted fixed assets	(45.7)	(45.2)
Less designated funds	(2.0)	(2.0)
General reserves	(25.6)	(34.6)
Exclude future grant commitments	16.2	24.6
General reserves excluding future grant commitments	(9.4)	(10.0)
Exclude grants accruals and retentions	14.5	12.3
General reserves excluding total grant liabilities	5.1	2.3

Going concern

HES is reliant on continued funding from the Scottish Government to operate and there is no indication of change in the Scottish Government's policy regarding this funding.

The Scottish Government's Resource Spending Review 2023-24 to 2026-27 provides some assurance over future funding levels. The Board and Accountable Officer have reviewed the latest financial projections considering government funding and commercial income and are satisfied that it remains appropriate to prepare HES's financial statements on a going concern basis.

Fixed assets

HES is responsible for over 300 archaeological and historic sites across Scotland in the care of Scottish Ministers (the properties in care or PICs). No value has been included in the balance sheet for the properties in care except for elements used for income generation or other non-heritage purposes. It is the opinion of the Board and Accountable Officer that a materially accurate and reliable valuation of the properties in care cannot be obtained due to diverse and unique nature of the properties in care.

The land, buildings and dwellings which we do recognise on our balance sheet are revalued every year either by formal valuation or by an indexation increase. The revaluation reserve has increased 3% from £23.2 million as at 31 March 2023 to £23.9 million as at 31 March 2024.

Pensions

HES is a member of the Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS – known as 'alpha'), which are unfunded multi-employer defined benefit schemes. HES is unable to identify its share of the underlying assets and liabilities and therefore pension assets and liabilities have not been recognised on our balance sheet.

Restricted funds

Our restricted reserves were £3.1 million as at 31 March 2024 (2022-23: £2.8 million). Of this, £2.4million (2022-23: £2.5 million) relates to Heritage Lottery Fund grants received to fund the Engine Shed and will be released to unrestricted reserves in line with the depreciation of the building. Other restricted reserves relate to unspent restricted grant income and were £0.7 million as at 31 March 2024 (2022-23: £0.3 million).

Designated funds

HES established a £2 million designated fund as at 31 March 2021 to support conservation of our properties in care. This fund was not utilised during 2023-24 due to better-than-expected commercial income. The fund will be utilised as required over the next few years.

Grants policy

HES offers grants under a range of funding programmes to organisations and individuals to support activities that benefit the historic environment and contribute to our corporate plan objectives.

We operate an expressions of interest process to provide feedback on proposals at an early stage. All applications received are assessed on a competitive basis according to published criteria, with specialist advice sought from relevant internal experts.

Further information about the grants programmes HES operates can be found at **Grants from Historic Environment Scotland | Hist Env Scotland**, and an outline of how decisions are made is available at **How Our Funding Works | Historic Environment Scotland | History**. Details of the grants awarded during the year ended 31 March 2024 can be found at **Grants Awarded by us | Hist Env Scotland** (historicenvironment.scot).



View information about our **Grants Programmes**



View information about **How our Funding Works**



View information about **Grants Awarded by us**

Supplier payment performance

Standard supplier payment terms are generally 30 days, but HES follows the Scottish Government target for the payment of invoices within 10 working days of their receipt. In 2023-24, 92% of invoices were paid within 10 working days (2022-23: 90%) and 97% were paid within 30 days (2022-23: 96%).





Our plans for 2024 onwards

We undertook a light-touch refresh of our Corporate Plan *Heritage for All*, which was published in April 2022, to ensure it remains fit for purpose and reflects priorities in the Scottish Government's Spending Review and current operating environment. Our refreshed Corporate Plan *Heritage for All* retains the same outcomes and Key Performance Indicators, and our activities will continue to support the National Outcomes in the Scottish Government's National Performance Framework. The current Corporate Plan runs over the three years from 2022-23 to 2024-25. It will be reviewed before the end of this period. Our new Corporate Plan will reflect the revised national strategy for the historic environment *Our Past, Our Future*, published April 2023 and the revised National Performance Framework, once published.

Our Annual Operating Plan 2024-25 outlines the activities we will undertake to support achievement of the outcomes set out in our Corporate Plan *Heritage for All*. Our plans for 2024-25 have a continued focus on six priorities, making a strong contribution to the Scottish Government's priorities on equality, opportunity and community. These six priorities are:

- Wellbeing, inequality and access
- Managing heritage assets
- Net zero
- A fair, green, and growing economy
- Sector resilience
- Building HES

A number of initiatives are underway to improve our efficiency and effectiveness:

- **Financial sustainability** – we have reviewed our financial strategy and are in discussions with Scottish Government on our business model to improve our financial sustainability.
- **Infrastructure and alternative arrangements for properties in our care** - we are committed to developing a strategy for the properties in our care that considers how we manage and operate these assets sustainably to maximise their contribution to national priorities and the National Outcomes now and for the generations to come.
- **Workforce innovation** – including strategic workforce planning and a pay and grading review to enable us to attract and retain the skilled workforce we need to deliver our outcomes and national priorities.
- **Digital transformation** – we are transforming the way we work, moving towards a digital-first approach through our strategy *HES Digital*, which supports the Digital Strategy for Scotland. This strategy will increase the quality of digital services, offer service users better online experiences and access to information and produce savings over time.

Summary Sustainability Report

This Summary Sustainability Report provides an overview of HES performance for 2023-24, fulfilling our commitment as a public body in providing transparent and accurate information in sustainability reporting.

We have made significant progress in implementing our Climate Action Plan (CAP) 2020-25, reaching 81% of the outlined outcomes and surpassing our 80% target.

The following report gives a summary of the outcomes achieved during 2023-24 organised by the seven CAP themes (energy and carbon management, climate impacts and adaptations, circular economy, sustainable tourism, sustainable procurement, biodiversity and landscapes and sustainable travel) and further broken down by project or initiative.



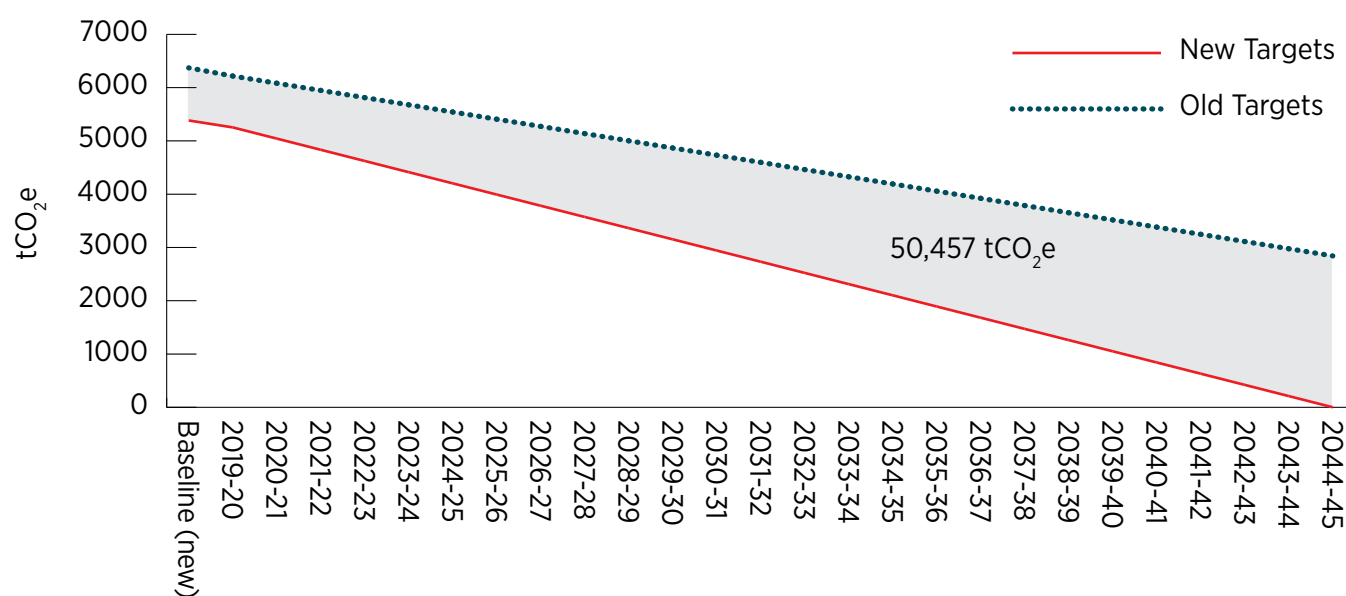
Energy and carbon management

We have seen an annual increase of 54 tCO₂e (tonnes of carbon dioxide equivalent) in our greenhouse gas emissions which represents a 1.4% increase compared to last year.

New carbon targets

Due to the rapid decarbonisation of the electricity grid, which allowed us to meet interim targets easily without making enough progress towards the Scottish Government 2045 net zero target, we have reviewed our baseline and updated the carbon budgets. The new baseline year is 2018-19 and the carbon budgets are aligned with the 2045 net zero target as required by Scottish Government.

Our Organisational Carbon Trajectory



While this year's carbon performance remains within our carbon budget it does represent an increase in overall organisational carbon emissions and, most significantly, a 4.3% increase in our carbon emissions associated with the energy we consumed.

(tCO ₂ e)	2022-23 Actual tCO ₂ e	2023-24 Target tCO ₂ e	2023-24 Actual tCO ₂ e	2023-24 Variance tCO ₂ e
Energy	3,285	3,573	3,427	146
Business Travel	540	644	454	190
Waste	20	133	12	117
Water	21	63	27	36
Total	3,866	4,413	3,920	489

External factors

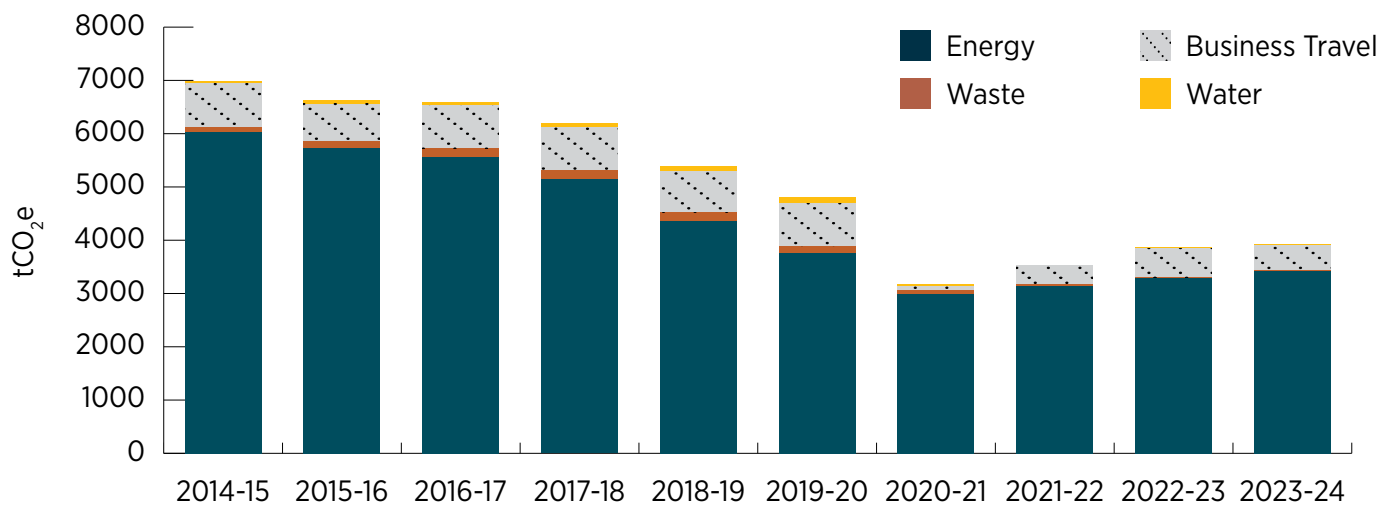
Energy Carbon Conversion Factors – While most carbon factors remain relatively constant year to year, the carbon factor of grid electricity fluctuates depending on the fuel mix over the course of a given year. This year the grid electricity carbon factor increased by 7% (compared to the 2022 update) due to an increase in natural gas use in electricity generation and a decrease in renewable generation.

Weather – Based on annualised calculations based on Degree Days (a measure of heating demand against a standardised reference point) we saw an increase of 2.5% annual heating demand due to colder weather.

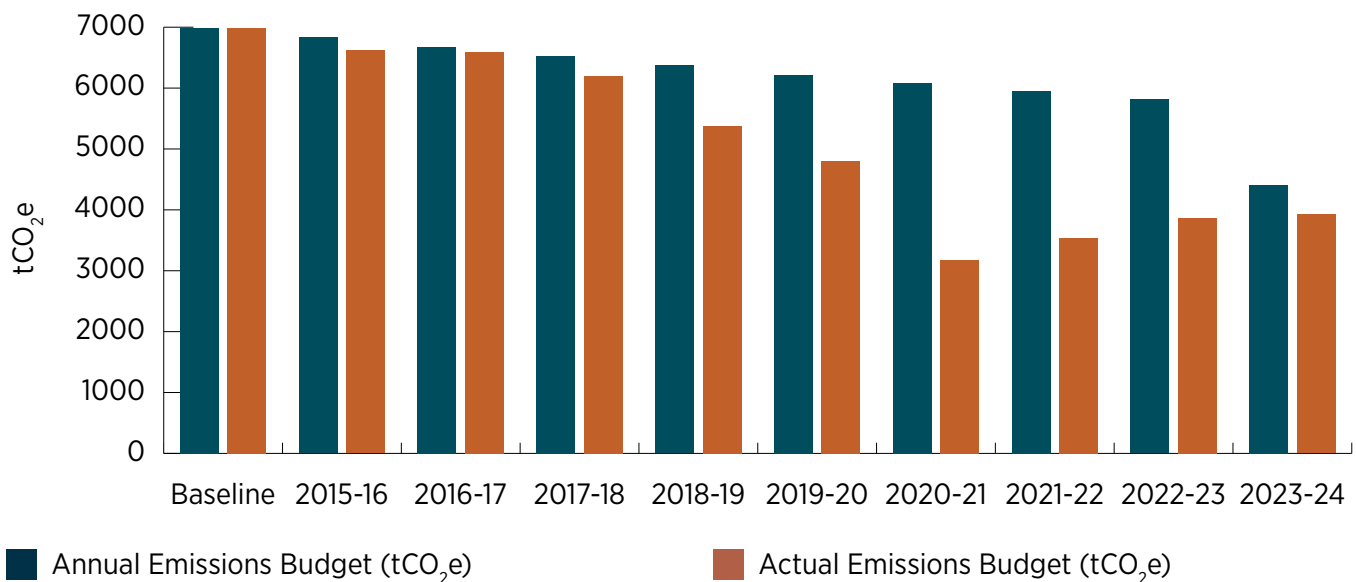
Decarbonisation

Designs have been completed for decarbonisation options at three locations; Holyrood Park Education Centre, St Andrews Castle Visitor Centre and Urquhart Castle Visitor Centre. These improvements will transition the buildings to a zero direct emissions heating, generate renewable electricity, reduce energy consumption, and support the transition of our fleet to ultra low emission vehicles (ULEV).

Annual Carbon Performance



Actual v Target Emissions



Climate impacts and adaptations

Climate change risk assessment 2

The development of the Climate Change Risk Assessment (2) for the properties in our care restarted in January of 2024, with the appointment of a Climate Science and Resilience Officer. Since January 2024, we have begun scoping the environmental hazards, vulnerabilities, sensitivities, and adaptive capacities.

Enhanced climate change monitoring across the estate

The Monument Monitor project, which collects crowdsourced images at the properties in our care, originated as a research project at University College London funded partly by HES as part of the Collaborative Doctoral Partnership Scheme. It continued with a placement at HES to integrate Monument Monitor into our Property in Care Asset Management System (PICAMS). From April 2023 to March 2024 a total of 2,290 photographs have been submitted. These photographs have significantly aided conservation monitoring.

Arts and Humanities Research Council (AHRC)

In January 2024, we began hosting an Early Career Research Fellow, funded through the Arts and Humanities Research Council Early Career Research Fellowships programme. The project is entitled 'The Historic Environment as an agent of change in the climate emergency: a community centred approach' and focuses on issues relating to climate change, community engagement and historic environment management.

Circular economy

Waste and Resources Plan

The Waste and Resources Plan is HES's main action plan which aims to help us transition towards more circular practices. Progress on the goals set out in the plan for 2023-24 are outlined in the table below.

	2022-23 Actual	2023-24 Target	2023-24 Actual	Achieved
Total waste (tonnes)	795.4	902.9	832.2	Yes
Reuse rate (claims)	12	150	29	No
Recycling rate (all waste)	53%	65%	56%	No
Municipal waste recycling rate	33%	35%	33%	Yes
Waste to landfill	2%	<5%	0.7%	Yes
Food waste	19.8	34.3	15.7	Yes

Waste figures show a slight increase from 2022-23 to 2023-24 which can be explained in part by increasing visitor numbers, up to 4.5 million from 3.3 million. However, the general trend is still that of increase, and recycling rates are plateauing, which if not addressed will put our waste targets at risk.

Research into circular building materials/practices

HES is collaborating with Built Environment – Smarter Transformation (BE-ST), Edinburgh Napier University and Inch Architects to research and build a prototype timber nail laminated structure using Scottish-grown Sitka spruce. This 100% timber structure could be used to repurpose a ruinous structure at the rear of the Dunoon Burgh Hall and can be dismantled and repurposed in later life.

Championing retrofit of the built historic environment

We produced the first draft report for a research project, Carbon Assessment of Retrofit for Traditional Dwellings. The research revealed that a conservation retrofit approach, which retains existing materials and finishes and uses breathable and naturally derived insulation materials, is effective at both reducing operational energy emissions and minimising embodied carbon.



Sustainable tourism

Responsible tourism conference – accelerating climate innovation in tourism: new approaches for cultural heritage

In September 2023, during Scotland's Climate Week, we launched our Responsible Tourism Framework with an international conference at the Engine Shed, Stirling. International speakers highlighted innovative approaches to responsible heritage and cultural tourism, emphasising embracing the opportunities of responsible tourism for people, planet, and prosperity. The conference outcomes will aid our ongoing implementation of the framework, helping us manage historic assets and visitors to address economic, social, and environmental impacts.

Circular economy tourism indicators and circular cultural tourism workshop

Over three months, we collaborated with the University of Glasgow and the Be.CULTOUR project consortium, to trial their Sustainable Cultural Tourism Impacts Assessment Framework. The assessment framework aims to guide stakeholders in sustainable regional development through cultural tourism. Acting as advisors to the project, we welcomed the opportunity to trial the indicators at Doune Castle. University students analysed data we provided, generating tailored recommendations. At a workshop in November 2023, students presented findings to stakeholders, including the Kilmadock Development Trust and HES. This trial, building on previous work, provided insights into Doune Castle's contribution to sustainable tourism in Scotland.

Visitor travel emissions

In January 2024, we engaged consultants to improve the organisation's understanding of visitor travel emissions. They assessed our current data quality, researched additional datasets, and identified international methodologies for calculating these emissions. Their findings, presented in a report, include recommendations for future research and analysis. This will help us enable visitors to access heritage in the most sustainable way possible and prioritise actions to reduce HES's organisational emissions, including those from visitation to our sites.

Sustainable procurement

Development of retail packaging FNT2030 plan

As part of a new initiative, HES has begun developing From Now Until 2030 category plans, highlighting how we plan to reduce emissions over time.

Biodiversity and landscapes

Increasing biological recording at HES sites with iRecord

Since 2010, the Ranger Service has used iRecord to log wildlife records at Holyrood and Linlithgow.

In 2019, the iRecord mobile app was launched. Use of the app resulted in a fourfold increase in annual wildlife records. Over 20,000 records have been logged using iRecord. Training to site staff has been introduced in 2024 to improve records across the HES estate. As of March 2024, training has been delivered to four staff at two sites.

Improved habitats for biodiversity

Several properties in our care were selected to increase biodiversity via habitat creation or improvement.

At Linlithgow Peel 400 native bulbs were planted in November 2023; 50 metres of hedgerow was planted at east end of Fiddler's Croft and a wildflower area is being created north of the Palace.

Areas of lawn around Dryburgh Abbey have been left to grow to benefit pollinators in partnership with BugLife's Pollinators along the Tweed project.

Grassland management was altered at Iona Abbey to improve habitat for pollinators.



View the **Scottish Pollinators blog**

Microplastics surveying

A study into marine-borne plastic at Inchcolm was undertaken May-September 2019, showing consistent pollution. A trial run of this methodology was undertaken in March 2024, with a view to undertaking further surveys.

Sustainable travel

Union Cycliste Internationale (UCI) world championships

Stirling hosted six of the UCI Cycling World Championships events over three days in August 2023. As the finish line and medal ceremonies were hosted at Stirling Castle, there were no vehicles parking on the esplanade from 31 July to 15 August. As part of the messaging to visitors about car park closures, staff promoted travelling to the Castle by public transport.

The closure of the esplanade to vehicles proved a success, demonstrating that visitor behaviour can be changed positively with the right messaging. HES is in discussion with Stirling Council to align visitor travel with city-wide traffic management, with the long-term aspiration of permanently closing the Castle esplanade to motor vehicles and improving access by sustainable modes.

Sustainable Travel Strategy

We are working on a Sustainable Travel Strategy with the purpose to create a clear vision for HES on sustainable travel for both visitors and staff. We have engaged with key stakeholders within the organisation in an iterative process and are now revising the draft strategy according to feedback. The aim is to publish the strategy in 2024-25.

Staff travel survey

HES carried out an all-staff travel survey in autumn 2023 to get insights into post-pandemic travel behaviours and associated carbon emissions, and to highlight potential barriers and issues around travelling to and for work. 473 responses were received from staff at 39 sites, representing a response rate of 28%. The results will help to inform interventions at sites and provide a baseline for indicators in the Sustainable Travel Strategy.

Katerina Brown

Katerina Brown

Chief Executive and Accountable Officer
4 October 2024

Accountability Report

Structure, governance and management

Aithisg air Cunntachalachd

Structar, riaghlachas agus stiùireadh



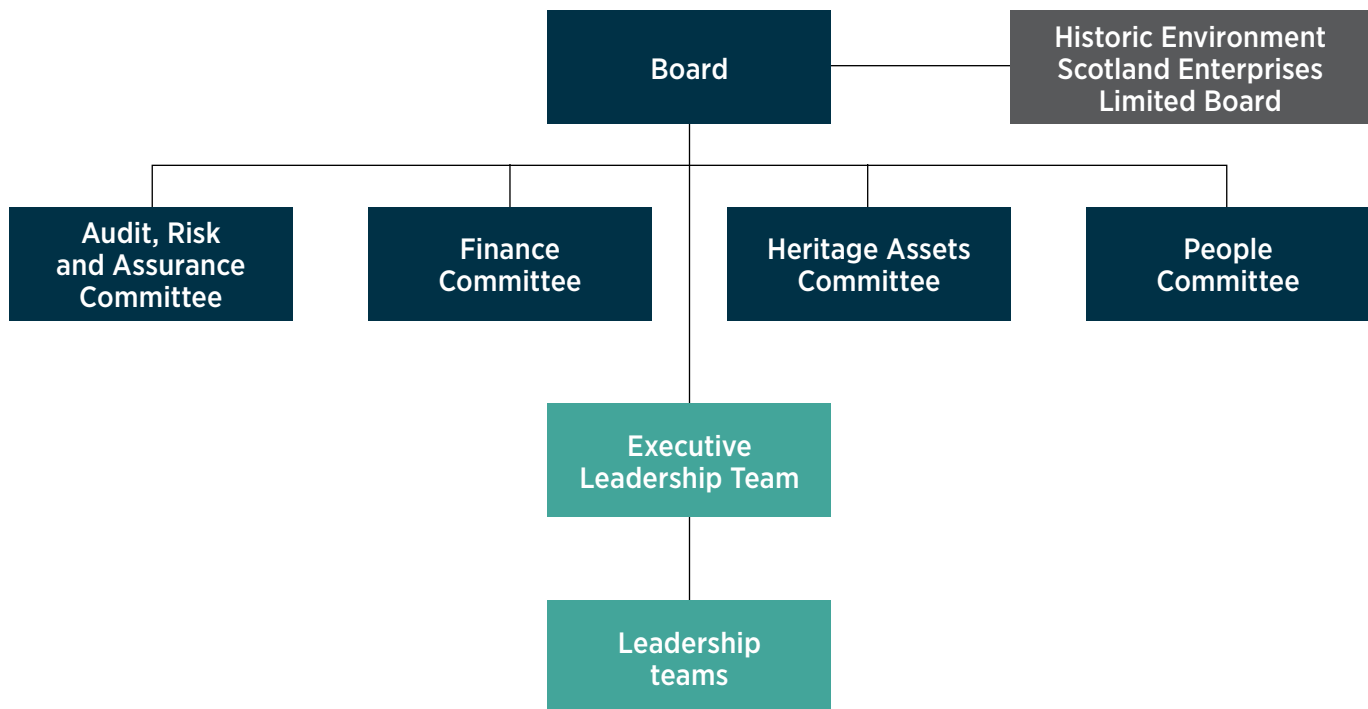
HES is a non-departmental public body (NDPB) created under The Historic Environment Scotland Act 2014 and is also a registered charity.

Our Framework Document, drawn up by the Scottish Government in consultation with the HES Board, sets out a broad framework for how we operate. HES's **Framework Document** is available on our website.



HES's relationship with Scottish Ministers and our sponsor department in Scottish Government is also detailed in the Framework Document. In addition, a unique feature of HES governance is the Scheme of Delegation from Scottish Ministers setting out the requirements for the management of properties and collections in HES's care.

Governance structure during 2023-24



Board

The role of the Board is to provide leadership, direction, support and guidance to ensure that HES delivers and is committed to delivering its functions effectively and efficiently and in accordance with the aims, policies and priorities of the Scottish Ministers.

Board members are also trustees for the purposes of charity law and are responsible for complying with their duties as charity trustees.

The Board has corporate responsibility, under the leadership of the Chair, for:

- setting strategic plans to deliver the functions of HES, focusing on how the work of HES can most effectively contribute to achievement of the outcomes in the National Performance Framework, the Programme for Government and any relevant Scottish Government strategies in collaboration with the Scottish Government and other public bodies;
- regularly scrutinising current and projected performance against the aims, objectives and targets set out in plans and take decisions on remedial action where required;
- ensuring that effective governance is established and maintained, including ensuring that decision-taking is open and transparent and, with support from the Accountable Officer and the Audit, Risk and Assurance Committee, ensure that key risks are identified and managed;
- approving the Annual Report and Financial Statements and ensure these are provided to the Scottish Ministers to be laid before the Scottish Parliament;
- promoting the efficient, economic and effective use of resources consistent with the principles of Best Value, and regularly scrutinise financial performance and compliance with financial guidance issued by the Scottish Government;
- promoting the wellbeing, learning and development of staff, provide support and challenge to the Chief Executive on staffing

matters and ensure that HES meets the HES staff management responsibilities described in the Framework Document;

- appointing, with the approval of the Scottish Ministers, the HES Chief Executive and, in consultation with the Scottish Government, setting appropriate performance objectives and remuneration terms linked to these objectives which give due weight to the proper management and use of resources within the stewardship of HES and the delivery of outcomes;
- demonstrating high standards of corporate governance at all times, including openness and transparency in its decision-making.

To discharge their responsibilities, the Board met seven times including three strategy days during 2023-24 (2022-23: seven meetings including three strategy days). At every regular meeting, the Board received a report on key operational matters from the Chief Executive, a financial report, minutes or updates from the Board committees and reports on specific topics as required. Risk-related items were highlighted as necessary.

Board members work to the high standards of conduct outlined in The Ethical Standards in Public Life etc. (Scotland) Act 2004. The Board is subject to a Code of Conduct and is required to ensure that all relevant interests are declared. Copies of the **Code of Conduct**, the **Register of Declared Interests** and approved **Board Minutes** are available on our website.



View **Board Papers** on our website

Board members are appointed by Scottish Ministers following an open process. These appointments are regulated by the Commissioner for Ethical Standards in Public Life in Scotland. The Scottish Government Public Appointments Team oversees the process of recruiting and appointing new board members. Advertisements for new board members are published and shared widely, followed by

shortlisting and interviews, with the interview panel consisting of a Scottish Government representative, the HES Chair and an independent appointer. The panel's recommendation is then approved by the Cabinet Secretary.

When new board members join the Board, they undergo an induction process to familiarise them with the operation of HES. This includes introduction to and engagement with staff, the role and responsibilities of the Board, information regarding the Code of Conduct, completion of the Register of Interests, and exercises to ensure personal development of board members. Board members are also required to familiarise themselves with the Scottish Government publication *On Board – a guide for board members of public bodies in Scotland*.

For ongoing training and development, board members collectively and individually take part in familiarisation visits, which include meetings with staff and stakeholders, ensuring an understanding of a range of different perspectives. Individual board members have attended events and courses and draw on their experience elsewhere, to feedback and share examples of good practice with other board members and staff. This is brought together in an annual self-assessment and recommendations, with a commitment to continuous improvement.

Board committees

The Board is supported by the Audit, Risk and Assurance Committee, the Finance Committee, the Heritage Assets Committee and the People Committee.

The Audit, Risk and Assurance Committee's role is to advise and support the Board and the Accountable Officer in their responsibilities for issues of risk, control, and governance of both HES and its subsidiary Historic Environment Scotland Enterprises Limited (HESe) through a process of constructive challenge. The Committee will advise the HES and HESe Boards and Accountable Officer on the strategic processes for risk management, including an assurance that the risk appetite of the organisation decided by the HES Board is being

taken into account appropriately. The Committee is chaired by a non-executive board member and meets on a quarterly basis. Reports are received from the Director of Finance and Corporate Services, Head of Internal Audit, and our external auditors. The Committee supports the Board and the Accountable Officer in reviewing the effectiveness of the internal control environment.

The Finance Committee's primary objective is to provide oversight, scrutiny, and assurance to the Board, and to any other committees or working groups as appropriate, in relation to significant financial and budgetary matters. This includes but is not limited to strategic financial planning and budget setting in the short, medium, and long term, investment decisions based on review of business cases, performance against the agreed budget, and delivery of expected investment benefits.

The Heritage Assets Committee's role is to provide oversight, scrutiny and assurance to the Board on heritage assets matters and to advise and support them in identifying pathways to sustainable and innovative management and operation of HES assets to maximise their contribution now and in the future.

The People Committee's role is to provide the Board with assurance that the Executive Leadership Team of HES is properly addressing the human requirements of the organisation with reference to the experience of our staff and volunteers. This includes organisation design, remuneration, performance management, other systems and processes relating to people, health and safety, welfare and wellbeing, inclusion and diversity, and attraction, retention, development and talent management of staff and volunteers.

Board and committee membership and attendance

Board and committee membership and attendance during 2023-24 were:

Board member	Board	Audit, Risk and Assurance Committee	Finance Committee	Heritage Assets Committee	People Committee
Dr Hugh Hall, Chair	7/7				
Ian Brennan	7/7	4/4			
Dr Janet Brennan (to 18 June 2023)	1/1				
Gemma Butterfield	7/7				3/4
Andrew Davis	7/7	3/3	5/5		1/1
Joe Doogan	7/7			3/3	
Emma Herd	6/7		3/3		4/4
Simon Hodge	7/7	2/3	4/4		1/1
Gary Jebb	7/7		1/1	3/3	
Ann Leslie	7/7		4/4		1/1
Terry Levinthal	7/7	4/4		3/3	
Anne-Marie O'Hara	5/7				3/3
Dr Fiona McLean (to 18 June 2023)	1/1				
Ian Robertson	7/7			3/3	
Dr Paul Stollard (to 18 June 2023)	0/1				

Independent co-opted members

Ian Baxter				3/3	
Wendy Ferguson (to 15 November 2023)		2/3			

Biographies for our current board members can be found on our website.

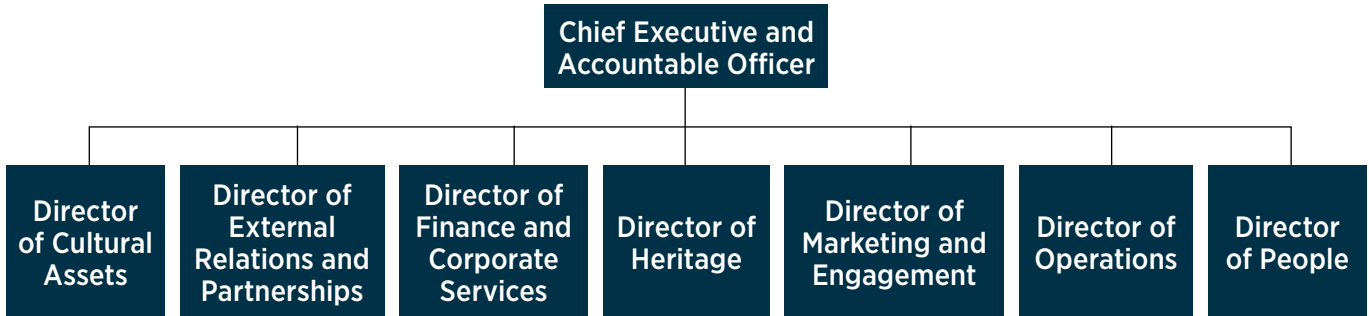


View biographies for our current board members

There were no changes to the Board membership from the 31 March 2024 to the date this Annual Report was approved.

Chief Executive and the Executive Leadership Team

The Chief Executive is appointed by and is accountable to the Board. The Chief Executive chairs an Executive Leadership Team comprising senior staff from HES.



Executive Leadership Team members during 2023-24 and to the date of this Annual Report were:

- **Katerina Brown**, Chief Executive from 16 September 2024
- **Craig Mearns**, Interim Chief Executive (from 1 April 2024 to 15 September 2024), Director of Operations (to 31 March 2024 and from 16 September 2024)
- **Alex Paterson**, Chief Executive and Accountable Officer (to 31 March 2024)
- **Roger Curtis**, Interim Director of Operations (from 1 April 2024 to 15 September)
- **Stephen Duncan**, Director of Marketing and Engagement
- **Elizabeth McCrone**, Director of Heritage
- **Dr David Mitchell**, Director of Cultural Assets
- **Lindsey Ross**, Director of People
- **Donella Steel**, Director of Finance and Corporate Services (to 19 November 2023)
- **Craig Marshall**, Interim Director of Finance and Corporate Services (from 23 October 2023)
- **Alison Turnbull**, Director of External Relations and Partnerships

Other than Katerina Brown being appointed and Craig Mearns' and Roger Curtis' interim appointments, there were no changes to the Executive Leadership Team from the 31 March 2024 to the date this Annual Report was approved.

Biographies for our current Executive Leadership Team can be found on our website.



View biographies for our current Executive Leadership Team

The Executive Leadership Team meets fortnightly, receives regular progress reports on the delivery of commitments, and considers major strategic decisions required to ensure continued delivery.

The responsibilities delegated to the Chief Executive by the Board and to the members of the Executive Leadership Team are laid out in the Scheme of Internal Delegation. The Chief Executive is charged with responsibility for overall corporate performance, management within HES and exercise of HES's statutory powers as a regulatory body. The Chief Executive is additionally responsible for functions including, but not limited to, approval of directorate plans and budget allocations, operational policies spanning multiple directorates, structure and staffing below Executive Leadership Team level and approval of expenditure, investment, and procurement up to thresholds agreed with the Board. Day-to-day implementation of the Corporate Plan is delegated to members of the Executive Leadership Team.

Group structure

HES wholly owns Historic Environment Scotland Enterprises Limited (HESe) and this entity is included in the Group's financial statements. HESe carries out non-core trading activity, including retail sales of Historic Environment Scotland merchandise and catering facilities and the commercial sale of images. HESe is governed by a separate Board of Directors, which reports to the HES Board.

The activities of HES are distinct from the Historic Scotland Foundation, which was set up in 2001 as an independent charitable trust to accept donations, gifts and legacies for the work of Historic Scotland or any successor body.

Statement of Accountable Officer's responsibilities

Aithris air dleastanasan an Oifigeir Chunntachail

Under Section 13 of the Historic Environment Scotland Act 2014, HES is required to prepare in respect of each financial year a statement of accounts which comply with directions given by Scottish Ministers.

The financial statements are prepared on an accruals basis and must give a true and fair view of the state of affairs of HES and of its income and expenditure, assets and liabilities, and cash flows for the financial year.

In preparing the financial statements, the Accountable Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM) and in particular to:

- Observe the Accounts Direction issued by Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- Make judgements and estimates on a reasonable basis
- State whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the financial statements

- Prepare the financial statements on a going concern basis
- Confirm that the Annual Report and Financial Statements as a whole is fair, balanced, and understandable and take personal responsibility for the Annual Report and Financial Statements and the judgements required for determining that it is fair, balanced, and understandable.

The Principal Accountable Officer of the Scottish Government has appointed the Chief Executive of HES as Accountable Officer of HES. The responsibilities of the Accountable Officer are described in the Memorandum to Accountable Officers from the Principal Accountable Officer published in the Scottish Public Finance Manual.

Governance Statement

Aithris Riaghlachais

The Scottish Public Finance Manual (SPFM) requires that I, as Accountable Officer, take personal responsibility for the Governance Statement. The statement below sets out the key elements of HES's internal control framework and my conclusion on this. The statement is approved personally by me, as Accountable Officer, and is also approved by the Board as part of their overall approval of the Annual Report.

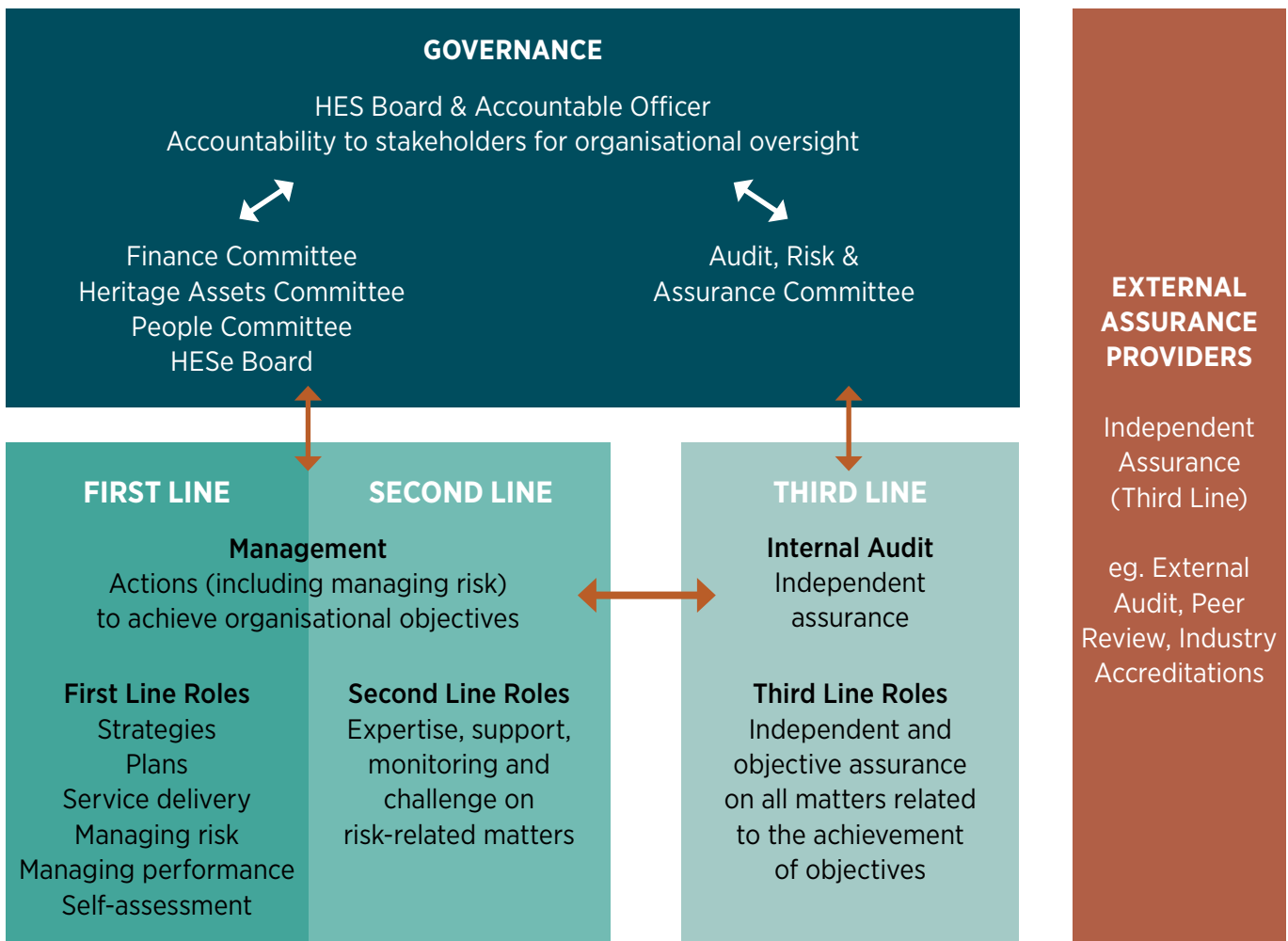
Scope of responsibility

As set out in the Statement of Accountable Officer's Responsibilities, I have personal responsibility for maintaining effective systems of internal control. I am also responsible for providing the necessary assurances to the Principal Accountable Officer to enable them to sign the Governance Statement contained within the Scottish Government consolidated financial statements.

HES's governance framework is set out in the Structure, Governance and Management section. The diagram below sets out the HES Assurance Framework which provides me with the necessary assurances to achieve my responsibilities.

The SPFM is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling of public funds. It is mainly designed to ensure compliance with statutory and parliamentary requirements, promote value for money and high standards of propriety, and secure effective accountability and good systems of internal control. I confirm that HES complied with the SPFM and guidance from Scottish Ministers in all material aspects for the year to 31 March 2024.

HES Assurance Framework – Three lines model



Risk management and internal controls

Our system of internal control is designed to manage, rather than eliminate, all risk of failure to achieve our strategic priorities. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of our strategic priorities, to evaluate the nature and extent of those risks, and to manage them efficiently, effectively, and economically.

All bodies subject to the requirements of the SPFM must operate a risk management strategy in accordance with relevant guidance issued by the Scottish Ministers.

We have a Risk Management Policy and a Risk Management Strategy which are reviewed annually. They set out, respectively, our approach to risk management and the means through which we aim to improve our risk maturity in the management of risk.

Our Board establish the organisation's risk appetite to inform decisions on which risks are considered worth taking and ones which should be avoided if we have less control on managing the outcomes. We recognise that risk is part of everything we do. Taking appropriate risks improves the way we deliver our business and helps ensure we can take advantage of opportunities to achieve our objectives as well as avoiding unwelcome surprises. We are generally willing to accept risk when we can show that the benefits of taking opportunities outweigh the potential negative consequences while ensuring that risks are appropriately controlled in line with our Risk Management Policy. Our approach to our compliance responsibilities however is one where our risk appetite is cautious, preferring safer options that have a lower degree of risk and protection of life and avoidance of serious injury is our primary objective and takes precedence over other considerations.

We maintain a risk register that details the most significant risks to the delivery of our strategic priorities. The risk management framework is based on a hierarchical structure of risk registers from directorates and projects up to corporate level. This framework enables the escalation of risks that cannot be managed at local level.

Risk registers are regularly reviewed and updated. The key risks to the delivery of our strategic priorities are set out on page 14.

The Audit, Risk and Assurance Committee provides the Board with independent advice and assurance on the effectiveness of the internal control and risk management systems.

HES has an up-to-date Information Asset Register which includes a compliant Record of Processing Activities (ROPA). HES had no cause to report to the Information Commissioners Office during 2023-24. (2022-23: HES reported a breach of personal data once to the Information Commissioners Office during 2022-23 following the publishing of personal information relating to two staff members in the national press.)

HES has an appraisal system to assess the performance of individual staff members. The Board and Audit, Risk and Assurance Committee also conduct a collective self-assessment of performance.

More generally, HES is committed to best value and a process of continuous improvement, developing systems in response to any relevant reviews and developments in best practice in this area.

The systems of internal control have been in place for the year ended 31 March 2024 and up to the date of the approval of the Annual Report and Financial Statements.

Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of governance. This review is informed by:

- The work of the Board and the strategic direction it gives to HES, in particular around governance
- The work and views of the Audit, Risk and Assurance Committee
- Documented assurances from directors and other senior leaders within the organisation who have responsibility for the development and maintenance of the internal control framework
- The work of the Internal Auditor, who submits to the Audit, Risk and Assurance Committee

regular reports which include the Head of Internal Audit and Business Improvement's independent and objective opinion on the adequacy and effectiveness of the HES systems of internal control, together with recommendations for improvement

- Comments made by the External Auditor in their management letter and other reports.

Follow-up on issues reported in our 2022-23 Governance Statement

We reported on the following issues in our 2022-23 Governance Statement on which we required further assurance:

Compliance assurance and reporting – physical assets

HES is required to fulfil a range of operational, legislative, and regulatory frameworks in relation to the properties in our care and our operations. This covers a vast number of areas of responsibility including (but not limited to) managing site and visitor safety; delivering safe operational processes and work activities; maintenance, testing and inspecting of property, plant and equipment; maintaining cultural significance, and managing environmental impact, waste, and biodiversity at our sites. Good progress has been made in a number of compliance areas, particularly in relation to building fabric safety and high-level material falls. Accredited training has been rolled out to relevant staff. Other areas of compliance policy, systems, procedure and training are progressing but assurance and reporting are not yet at an appropriate level. An update on this issue will be reported in the 2024-25 Annual Report and Financial Statements.

High-level masonry

After identifying a potential issue relating to high-level masonry fabric at properties in our care in May 2021, further inspections revealed that there was a wider issue. During 2022-23 a national inspection programme was implemented for 70 priority sites, 67 of these inspections have been carried out and three sites require additional access measures to allow inspections. Access has been improved to 57 impacted sites following safety mitigation measures and works carried out since April 2022. The high-level inspection programme

continues proactively as part of business as usual activity. I am satisfied that sufficient action has been taken to address this issue.

Cyber security

An internal audit report in August 2023 identified a number of areas of good practice, as well as making recommendations for the areas requiring improvement. The majority of these actions have been completed with the remaining on track for completion. I am satisfied that sufficient action has been taken to address this issue.

Archive House

An internal audit report in April 2023 identified a number of key areas requiring improvement for the Archive House project. Recommendations were principally around the project governance and risk management. An action plan was developed to address the issues raised, a Project Board established and the right governance put in place. In 2023-24 it became apparent that the cost of the project would be unaffordable and that it would not deliver in the required timeline. The project has been closed and alternative delivery solutions are now being developed.

2023-24 issues

We have not identified any further issues, beyond those previously reported, over which we need further assurances.

Conclusion

Based on the assurances provided to me, I have concluded that the internal control system is operating effectively and that appropriate action plans are in place to address any weaknesses identified.

Katerina Brown

Katerina Brown

Chief Executive and Accountable Officer
4 October 2024

Remuneration and Staff Report

Aithisg Co-dhiolaidh is Luchd-obrach

The information in the Remuneration and Staff Report relating to the remuneration and pension benefits of board members and the Executive Leadership Team, fair pay disclosures, staff costs, staff numbers, and exit packages has been audited by external auditors. The other sections in the Remuneration Report are reviewed by the external auditors for consistency with the financial statements.

Remuneration policy

HES operates a **pay and grading arrangement** which is available to view on our website.



View information about
Pay and Grading arrangements

Pay is reviewed annually and pay settlements are negotiated within the pay policy agreed with the Scottish Government and are approved by the Board.

The Board in approving the pay award has regard to:

- The need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities.
- Regional/local variations in labour markets and their effects on the recruitment and retention of staff.
- Objectives for improving public services, including the requirement on departments to meet the output targets for the delivery of departmental services.
- The affordability of the recommendation.

Remuneration for the Chief Executive is decided in line with the Scottish Public Sector Pay Policy for Senior Appointments, agreed with the Scottish Government and is approved by the Board.

The remuneration, allowances and expenses paid to board members comply with specific guidance issued by Scottish Ministers.

Service contracts

HES employs new permanent employees on the basis of fair and open competition. HES employees are public servants rather than civil servants; however, following good practice HES uses the Recruitment Principles published by the Civil Service Commission.

Unless otherwise stated below, the officials covered by this report are in open-ended contracts. Early termination, other than for misconduct or inefficiency, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Board Members' remuneration – audited

The total fees payable to the Board for 2023-24 were £64,000 (2022-23: restated £40,000). HES board members were not remunerated prior to 2022-23. The Scottish Government approved the payment of fees from 2022-23 to bring HES in line with other NDPBs and recognise the value that board members bring to HES, as well as the personal and professional responsibilities that come from serving on a significant, public-sector board.

The fees earned for individual board members for the year to 31 March 2024 were as follows:

	2023-24 Fees £	2022-23 Fees £
Dr Hugh Hall, Chair	14,208	14,208
Gemma Butterfield ^{1,2}	-	-
Ian Brennan	5,472	4,104
Dr Janet Brennan ^{2,3}	-	-
Andrew Davis	5,472	5,016
Joe Doogan ¹	5,472	177
Emma Herd	5,472	4,104
Simon Hodge ¹	5,472	177
Gary Jebb ¹	5,472	177
Ann Leslie ^{1,2}	-	-
Terry Levinthal	5,472	4,104
Anne-Marie O'Hara ¹	5,472	177
Dr Fiona McLean ³	1,026	4,104
Ian Robertson ⁴	5,472	4,104
Dr Paul Stollard ^{2,3}	-	-
Jane Williamson ⁵	-	-

Board members' remuneration is non-pensionable. Board members do not receive any bonus payments. Board members are also entitled to reimbursement of expenses, and this is disclosed in the expenditure disclosures notes (note 12).

- 1 Gemma Butterfield, Joe Doogan, Simon Hodge, Gary Jebb, Ann Leslie and Anne-Marie O'Hara were appointed as HES board members on 20 March 2023. The full year equivalent remuneration would have been £5,472.
- 2 Gemma Butterfield, Dr Janet Brennan, Ann Leslie and Dr Paul Stollard elected not to receive board members' remuneration.
- 3 Dr Janet Brennan, Dr Fiona McLean and Dr Paul Stollard stepped down from the Board effective from 18 June 2023.
- 4 Ian Robertson's 2022-23 fees were reported as nil in 2022-23 Remuneration and Staff Report have been restated to include fees earned to 31 March 2023.
- 5 Jane Williamson stepped down from the Board effective from 16 November 2022 and subsequently sadly passed away.

Executive Leadership Team salaries and pension benefits – audited

The total salaries and pension entitlement earned by the Executive Leadership Team for 2023-24 was £1,231,000 (2022-23: £877,000). Total pensions benefits earned by the Executive Leadership Team increased from £151,000 in 2022-23 to £370,000 in 2023-24 including the impact of the UK Public Sector wide 2015 reforms explained in the Civil Services Pensions section. The salary and pension entitlement earned for individual Executive Leadership Team members for the year to 31 March 2024 were as follows:

	2023-24 Salary £000	2022-23 Salary £000	2023-24 Pension benefits £000	2022-23 Pension benefits £000	2023-24 Total £000	2022-23 Total £000
Alex Paterson , Chief Executive	125-130	125-130	50	49	175-180	175-180
Stephen Duncan , Director of Marketing and Engagement	105-110	75-80	84	3	190-195	80-85
Gary Love ¹ , Project Director (to 30 September 2022)	10-15	35-40	-	(6)	10-15	30-40
Craig Marshall ² , Interim Director of Finance and Corporate Services (from 23 October 2023)	30-35	-	3	-	35-40	-
Elizabeth McCrone , Director of Heritage	100-105	70-75	81	2	180-185	70-75
Craig Mearns , Director of Operations	100-105	75-80	12	20	115-120	100-105
Dr David Mitchell , Director of Cultural Assets	105-110	75-80	56	5	160-165	80-85
Donella Steel ³ , Director of Finance and Corporate Services (to 19 November 2023)	55-60	85-90	5	16	60-65	100-105
Lindsey Ross , Director of People	105-110	75-80	46	31	150-155	110-115
Alison Turnbull , Director of External Relations and Partnerships	105-110	75-80	33	31	140-145	110-115

‘Salary’ includes gross salary, supplements, allowances and a one-off payment received by the Executive Leadership Team to achieve pay parity which covers the period from 18 October 2021 to 19 November 2023. No benefits in kind were paid to the Executive Leadership Team in 2023-24 or 2022-23.

‘Pension benefits’ are calculated as the real increase in pension multiplied by 20 less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension

rights. Decreases in pension values in real terms are shown as negative pension benefits.

Bonuses

There were no bonuses paid to the Executive Leadership Team for 2023-24 (2022-23: nil).

Compensation for loss of office

No member of the Executive Leadership Team received compensation for loss of office for 2023-24. (2022-23: Gary Love left under Voluntary Exit Scheme on 30 September 2022 and received a compensation payment of £95,000.)

1 The full year equivalent salary for 2022-23 would have been in the range of £75,000 to £80,000.

2 The full year equivalent salary for 2023-24 would have been in the range of £70,000 to £75,000.

3 The full year equivalent salary for 2023-24 would have been in the range of £85,000 to £90,000.

Pension benefits

The pension entitlements earned by the Executive Leadership Team for 2023-24 were:

	Accrued pension at pension age at 31 March 2024 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31 March 2024 £000	CETV at 31 March 2023 restated £000	Real increase in CETV £000	Partnership Pension Account £000
Alex Paterson, Chief Executive	25-30	2.5-5	404	316	40	-
Stephen Duncan, Director of Marketing and Engagement	25-30	2.5-5	504	417	73	-
Craig Marshall, Interim Director of Finance and Corporate Services (from 23 October 2023)	5-10	0-2.5	135	126	2	-
Elizabeth McCrone, Director of Heritage	25-30 plus a lump sum of 60-65	2.5-5 plus a lump sum of 5-7.5	531	422	68	-
Craig Mearns¹, Director of Operations	-	-	-	-	-	10-15
Dr David Mitchell, Director of Cultural Assets	35-40	2.5-5	708	606	45	-
Donella Steel, Director of Finance and Corporate Services (to 19 November 2023)	30-35	0-2.5	670	639	(6)	-
Lindsey Ross, Director of People	5-10	2.5-5	112	77	26	-
Alison Turnbull, Director of External Relations and Partnerships	10-15	0-2.5	171	128	22	-

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits, they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total

membership of the scheme, not just their service in a senior capacity to which disclosure applies. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

This is the element of the increase in accrued pension funded by the employer. It excludes increases due to inflation and contributions paid by the employee. It is calculated using common market valuation factors for the start and end of the period.

1 Craig Mearns chose not to be covered by the Civil Service Pension Scheme.

Fair pay disclosures – audited

Public sector bodies are required to disclose the relationship between the remuneration of the highest paid director and that of the remuneration of the organisations' workforce as set out in the below table:

	2023-24 £000	2022-23 £000	Change %
Remuneration range			
Range of staff remuneration			
• Minimum annualised salary	22	21	7.0
• Band of highest paid director	125-130	125-130	1.2
Ratios			
Median total remuneration	£28,721	£26,842	7.0
Ratio of median total remuneration to highest paid director	4.44	4.75	(6.5)
Lower quartile median total remuneration	£23,831	£22,272	7.0
Ratio of lower quartile total remuneration to highest paid director	5.35	5.72	(6.5)
Upper quartile median total remuneration	£38,988	£36,418	7.1
Ratio of upper quartile total remuneration to highest paid director	3.27	3.50	(6.6)

Total remuneration includes salary and allowances. It does not include employer pension contributions and the cash equivalent transfer value of pensions. There were no performance pay or bonuses paid to any staff, including the highest paid director, in 2023-24 or 2022-23. No employees received remuneration in excess of the highest paid director in 2023-24 or 2022-23.

HES is a Living Wage Accredited employer and is committed to fair pay for employees and those working with the organisation. We ensure our people are paid fairly and appropriately for their time and effort.

The changes to remuneration and ratios can be explained by Scottish Public Sector Pay Policy for 2023-24 which saw a reduction to the uplifts for Senior Appointment Pay as well as a change to the thresholds in basic pay for all other colleagues. In addition, most of our employees sit within our first three pay grades (Band A, B and C). As they have now been in their roles for several years, they reached the maximum of their pay grades. This is demonstrated by the median remuneration.

HES believes the pay ratio is consistent with the pay, reward and progression policies for our employees taken as a whole.

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. Before 1 April 2015, the only scheme was the Principal Civil Service Pension Scheme (PCSPS), which is divided into a few different sections – classic, premium, and classic plus provide benefits on a final salary basis, whilst nuvos provides benefits on a career average

basis. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis. All newly appointed civil servants, and the majority of those already in service, joined the new scheme.

The PCSPS and alpha are unfunded statutory schemes. Employees and employers make contributions (employee contributions range between 4.6% and 8.05%, depending on salary). The balance of the cost of benefits in payment is met by monies voted by Parliament each year. Pensions in payment are increased annually in line with the Pensions Increase legislation. Instead of the defined benefit arrangements, employees may opt for a defined contribution pension with an employer contribution, the partnership pension account.

In alpha, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to alpha from the PCSPS had their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha.

The accrued pensions shown in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal pension age is 60 for members of classic, premium, and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. The pension figures in this report show pension earned in PCSPS or alpha – as appropriate. Where a member has benefits in both the PCSPS and alpha, the figures show the combined value of their benefits in the two schemes but note that the constituent parts of that pension may be payable from different ages.

When the Government introduced new public service pension schemes in 2015, there were transitional arrangements which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to alpha. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members.

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The public service pensions remedy is made up of two parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of alpha from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023. This is known as "rollback".

For members who are in scope of the public service pension remedy, the calculation of their benefits for the purpose of calculating their Cash Equivalent Transfer Value and their single total figure of remuneration, as of 31 March 2023 and 31 March 2024, reflects the fact that membership between 1 April 2015 and 31 March 2022 has been rolled back into the PCSPS. Although members will in due course get an option to decide whether that period should count towards PCSPS or alpha benefits, the figures show the rolled back position i.e., PCSPS benefits for that period.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute but, where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found on the Civil Service Pensions website.

Staff Report

Staff costs – audited

Group and Charity Staff costs comprise:	2023-24 £000	2022-23 £000
Wages and salaries:		
• Permanent	45,865	41,042
• Other staff	4,220	3,072
Total wages and salaries	50,085	44,114
Social security costs	4,938	4,415
Employer's contributions to pension schemes	13,141	11,278
Agency temporary staff costs	281	161
Total employment costs	68,445	59,968
Less: Recoveries in respect of outward secondments	-	-
Add: Inward secondment costs	245	141
Total net costs	68,690	60,109

Employees who received benefits, excluding pension costs, of more than £60,000:	2023-24	2022-23
Banding		
£60,000 – £69,999	30	27
£70,000 – £79,999	3	6
£80,000 – £89,999	6	1
£120,000 – £129,999	1	1
Total	40	35

Staff numbers – audited

The average number of full-time equivalent (FTE) staff employed for 2023-24, by occupational group, were:

Group and Charity	2023-24	2023-24	2023-24	2022-23	2022-23	2022-23
	Permanent	Other		Permanent	Other	
	FTE	FTE	FTE	FTE	FTE	FTE
Cultural Assets	153	32	185	142	25	167
External Relations and Partnerships	42	5	47	40	2	42
Finance and Corporate Services	129	3	132	121	6	127
Heritage	123	10	133	114	8	122
Marketing and Engagement	153	15	168	138	14	152
Operations	684	67	751	640	45	685
People	36	3	39	31	2	33
Senior Management	8	-	8	9	-	9
Agency / temporary staff	-	53	53	-	16	16
Total	1,328	188	1,516	1,235	118	1,353

The average number of staff employed for 2023-24 were:

Group and Charity	2023-24	2022-23
	Headcount	Headcount
Full time	1,277	1,165
Part time	378	355
Total	1,655	1,520

The average number of staff by band and gender for 2023-24 were:

Group and Charity	2023-24	2023-24	2023-24	2022-23	2022-23	2022-23
	Male	Female		Male	Female	
Band	Headcount	Headcount	Total	Headcount	Headcount	Total
Chief Executive	1	-	1	1	-	1
Director	3	4	7	4	4	8
Band F	32	20	52	33	18	51
Bands A – E	811	784	1,595	758	702	1,460
Total	847	808	1,655	796	724	1,520



Turnover

The employee turnover rate for 2023-24 is 15.7% (2022-23: 16.3%). This figure can be broken down into voluntary (10.3%) and non-voluntary (5.4%).

Sickness absence

For 2023-24, the average sickness absence was 9.2 days (2022-23: 13.6 days) and 14,667 total days (2022-23: 18,459 days). This is split into 3.1 average number of working days lost to ill-health short-term absences (2022-23: 4.9 days) and 6.1 average number of working days lost to ill-health long-term absences (2022-23: 8.7 days).

The People Services team continues to work closely with management to ensure appropriate management of sickness absence. Regular case reviews are carried out in partnership with management, with a view to identifying, discussing, and supporting staff at an early stage to best understand their needs and to support them in achieving sustained attendance.

In addition, People Services continues to ensure monthly reports are circulated to management to ensure a consistent approach is taken by leadership. HES is also committed to developing the well-being agenda throughout the organisation for staff by staff.

Colleague engagement survey

HES undertake full colleague engagement surveys every two years, with a Wellbeing survey in alternate years. The last survey in November 2023 was completed by 56% of our people across the organisation with an overall Engagement score of 6.7 out of 10 (an increase of 0.2 from 2022). We have some high scores in some key areas of excellent connections within teams and management support, however, there are areas where we still need to improve. We have created both an organisation-wide action plan, as well as individual directorate specific people plans to help move us into a stronger position. We are dedicated to regular and open communication to continue to ensure HES is a great place to work.

Employees with disabilities

HES is committed to providing equal opportunities for all its employees. We recognise that people with disabilities have the same range of skills and qualities as non-disabled people. It is important that full advantage is taken of these skills so that every person is given the opportunity to make the fullest contribution in line with their abilities. Applications from people with disabilities for employment or promotion are given full and fair consideration and as a Level 3 Disability Confident Employer we operate a guaranteed interview scheme for disabled applicants who meet the essential criteria for our advertised roles. We also proactively work with disability-led and accessibility organisations to ensure we are leading by example as an employer.



Equal opportunities and diversity

HES **commitment to equality of opportunity** is outlined in the following reports available on our website.



View the **Mainstreaming and 2021-25 Equality Outcomes Report**

These reports set out our policy and practice position on equality and inclusion with examples of activities, projects and partnerships that have influenced and informed our work in this area. Contained within these reports is information on our workforce profiles and gender pay gap position.

Our latest gender pay gap data was published in the Mid-Term Equalities Report 2023 and it remains low: 1% mean calculation; 0% median calculation.

We acknowledge the under-representation within our workforce, particularly among disabled individuals and those from minority ethnic backgrounds. To address this, we have implemented positive action initiatives within our graduate and internship training partnership programs. Since 2018, we have actively targeted opportunities to ensure greater inclusion and representation for disabled individuals and those from minority ethnic backgrounds.

We know this is an area of challenge for us and as part of our annual Equality Action Plan for 2023-24 we have further developed our approach on the use of positive action in our recruitment and training offer, ensuring that equality underpins our employee development and recruitment initiatives.

In demonstrating 'due regard' as outlined in the Equality Act 2010 we have introduced an equality impact assessment process and toolkit to assist in demonstrating our position against the general equality duty.

Our new Equality Outcomes, set out below, have been approved by the Board, were published in 2021 and are available for download from our website.

- **Our society:** we make a real difference to people's lives.
- **Our services to the public:** we deliver responsive services to meet the needs and expectations of diverse groups.
- **Our people:** we attract, recruit, and develop a diverse Board, workforce, and volunteer base.

The Equality Outcomes are being reviewed and updated in 2024-25.

Health, safety and security at work

HES is committed to ensuring the highest standards of health, safety and security at work of its staff, visitors and others who may be affected by our work activities or when visiting our sites. We aim to provide safe, secure and healthy workplaces and practices for all our employees and extend this provision to include visitors, contractors and others to our premises, sites and events.

Trained health and safety staff representatives are present at all HES sites, as well as a team of health and safety advisers and fire advisers. They ensure that each site remains safe not only for staff but also for visitors, with dedicated visitor safety risk assessments and fire risk assessments being used specifically to protect visitors from site hazards at ancient monuments. Our health and safety advisers are also trained in crime prevention and conduct regular site security audits to provide assurance over our security arrangements.

Our staff complete annual training in relation to information security and counter terrorism. Security at our sites is overseen by our Physical Security team who undertake security risk assessments and provide support and advice to reduce any potential security threats.

Additionally, HES runs programmes of airborne contaminant monitoring and health surveillance checks for conservation staff, plus vaccinations and lifestyle health checks for all staff. HES operates a wellbeing group, supported by Healthy Working Lives, which runs regular events highlighting healthy eating, physical exercise, and general wellbeing, as well as organising mental health awareness training for all staff.

The table below shows Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) reportable incidents, recorded visitor and staff accidents, as well as near misses in 2023-24 and 2022-23.

	2023-24	2022-23
RIDDOR incidents	7	7
Visitor accidents	301	243
Staff accidents	103	74
Near misses	253	223

The number of RIDDOR reportable incidents has remained stable over 2022-23 and 2023-24. In this latest reporting period, three out of the seven reports made related to visitors and involved either tripping and falling on the same level or on stairs. Following thorough investigation, no remedial actions were found necessary. Staff RIDDOR incidents involved manual handling of materials and slips and trips on stairs and on same level. Health surveillance on one member of staff indicated signs of Hand/Arm Vibration Syndrome and subsequent work duties were changed to prevent worsening of the condition.

The increase in total number of all types of visitor accidents can be correlated against a 36% increase in visitor numbers from 2022-23 to 2023-24. Similarly, the increase in staff accidents is proportional to an increase in site activity post Covid and also a very good culture of incident reporting in HES.



Learning and development

HES aspires to be an effective learning organisation, encouraging and supporting lifelong learning by all its people. This commitment involves investing in people; planning and evaluating that investment; and helping colleagues understand the broad options and activities available by making learning flexible and accessible, as well as ensuring they are appropriately skilled and confident to undertake their duties.

HES aims to understand and recognise its talent, as well as acknowledge and value colleague input. This means building a culture where colleagues feel supported and respected, one which creates new opportunities, promotes inclusion and diversity and creates a culture of mentoring and collaboration for everyone. HES offers support to employees who wish to develop their careers through further learning and education, including training courses, apprenticeships, work-based learning, and professional qualifications that benefit them and the organisation.

Resourcing

HES aims to create an organisation where work can be planned and delivered in line with an established workforce plan and flexible resourcing. Recruitment to HES is fair, open and based on merit. Staff are the best resource for ensuring the growth and success of HES as an organisation. During 2023-24, HES developed the first organisation wide Strategic Workforce Plan, which will support the workforce development over the next three to five years.

Employee consultation

The organisation is committed to effective employee communications, which it maintains through its online communication portal HESNet, all colleague notices, a quarterly newsletter, and briefing sessions. The HES Partnership Forum provides the means for our recognised trade unions and management to discuss matters of concern or mutual interest.

Trade union relationships

HES works in partnership with its three recognised trade unions: Unite the Union, Public and Commercial Services Union (PCS) and Prospect. A Partnership Agreement outlines our joint approach to the management of employment relations and reinforces the relationship between management and trade union within the organisation to provide a voice for employees. This Agreement was reviewed in 2021-22.

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. The disclosures required by these regulations are within the tables below:

Number of employees who were relevant union officials during 2023-24	17
---	----

Full-time equivalent employee number	15.04
---	-------

Percentage of time spent on facility time:	Number of employees
0%	12
1 – 50%	4
51-99%	
100%	1
Total cost of time	£27,860
Total pay bill	£68,690,000
Percentage of total pay bill spent on facility time	0.04%
Time spent on paid activities as a percentage of total paid facility time	66%



Volunteers

HES provided and supported opportunities to 334 volunteers in 2023-4 (2022-23: 327). These included our visitor connector volunteers, event volunteers and conservation volunteers. There has been a particularly notable increase in the number of hours contributed by site-based volunteers to 1,672 (2022-23: 962). The significant increase in hours contributed by volunteers, while the number of volunteers remained relatively consistent, indicates that a similar number of volunteers are engaging with us more consistently across the

year. Volunteer engagement continued to be impacted by projects such as high-level masonry inspections and changes to teams and resourcing levels at locations. In particular, micro-volunteering contributions to SCRAN and MyCanmore saw decreased engagement in 2023-24 due to the Archive House project. Overall there were therefore 6,154 micro-volunteering contributions (2022-23: 7,434) but an increase in engagement with the Monument Monitor project to 2,290 contributions (2022-23: 1,871).

Expenditure on consultancy

Expenditure on consultancy for 2023-24 was £229,000 (2022-23: £211,000).

Exit packages – audited

Exit package cost band	Voluntary departures agreed	Cost of exit package	Voluntary departures agreed	Cost of exit package
	2023-24 Number	2023-24 £000	2022-23 Number	2022-23 £000
<£10,000	-	-	-	-
£10,000 - £25,000	-	-	1	19
£25,000 - £50,000	-	-	-	-
>£50,000	-	-	1	95
Total	-	-	2	114

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the

year of departure. Where HES has agreed early retirements, the additional costs are met by HES and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Parliamentary accountability Cunntachalachd dhan Phàrlamaid

Losses and special payments

There were no losses or special payments during 2023-24 requiring to be disclosed (2022-23: none).

Fees and charges

HES does not levy any statutory fees or charges for its regulatory services and there were none during 2023-24 requiring to be disclosed (2022-23: none).

Gifts

There were no gifts made during 2023-24 (2022-23: none).

Remote contingent liabilities

There were no remote contingent liabilities as at 31 March 2024 or as at 31 March 2023.

Katerina Brown

Katerina Brown

Chief Executive and Accountable Officer
4 October 2024

Reference and administrative detail

Tuairisgeul agus fiosrachadh rianachail

Registered name

Historic Environment Scotland

Principal office and registered address

Longmore House
Salisbury Place
Edinburgh EH9 1SH

Scottish charity number

SC045925

Trustees

Board members are also trustees for the purposes of charity law and are responsible for complying with their duties as charity trustees. Board members are set out on page 50.

Executive Leadership Team

Day-to-day management of HES is delegated to the Executive Leadership Team and members are set out on page 51.

Subsidiary

Historic Environment Scotland Enterprises Limited

Bankers

Royal Bank of Scotland
36 St Andrew Square
Edinburgh EH2 2YB

NatWest
c/o Government Banking Service
Southern House (7th Floor)
Wellesley Grove
Croydon
Surrey CR9 1WW

Solicitors

Morton Fraser MacRoberts
Quartermile Two
2 Lister Square
Edinburgh EH3 9GL

External auditors

Audit Scotland
4th Floor
102 West Port
Edinburgh EH3 9DN

Approval

Aonta

The Board and Accountable Officer confirm that the Annual Report and Financial Statements as a whole are fair, balanced, and understandable. The Board and Accountable Officer also confirm that they have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that HES's auditors are aware of that information. So far as they are aware, there is no relevant audit information of which the auditors are unaware.

This Annual Report of Historic Environment Scotland, registered charity number SC045925, was approved by the Board and Accountable Officer and authorised for issue on 4 October 2024.

Dr Hugh Hall

Dr Hugh Hall
Chair
04 October 2024

Katerina Brown

Katerina Brown
Chief Executive and Accountable Officer
04 October 2024

Independent Auditor's report to the members of Historic Environment Scotland, the Auditor General for Scotland and the Scottish Parliament

Aithisg neo-eisimileach an neach-sgrùdaidh do bhuill Àrainneachd Eachdraidheil Alba, Àrd-Neach-Sgrùdaidh na h-Alba agus Pàrlamaid na h-Alba

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and financial statements of Historic Environment Scotland for the year ended 31 March 2024 under the Historic Environment Scotland Act 2014 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Consolidated Statement of Financial Activity, the Charity Statement of Financial Activity, the Consolidated and Charity Balance Sheets, the Consolidated and Charity Cash Flow Statements and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of the body's affairs as at 31 March 2024 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- have been prepared in accordance with the requirements of the Historic Environment Scotland Act 2014 and directions made thereunder by the Scottish Ministers, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of The Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the **Code of Audit Practice** approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 5 June 2023. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, I report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).



View the [Audit Scotland website](#)

Risks of material misstatement

I report in my separate Annual Audit Report the most significant assessed risks of material misstatement that I identified and my judgements thereon.

Responsibilities of the Accountable Officer and trustees for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer and trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer and trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer and trustees are responsible for assessing the body's ability to continue as a

going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud.

Procedures include:

- using my understanding of the central government sector to identify that the Historic Environment Scotland Act 2014 and directions made thereunder by the Scottish Ministers, the Charities and Trustee Investment (Scotland) Act 2005, and The Charities Accounts (Scotland) Regulations 2006 are significant in the context of the body;
- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
- inquiring of the Accountable Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the **auditor's responsibilities for the audit of the financial statements** is located on the Financial Reporting Council's website. This description forms part of my auditor's report.



View the **Auditor's Responsibilities for the Audit**

Reporting on regularity of expenditure and income

Opinion on regularity

In my opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities in respect of irregularities explained in the audit of the financial statements section of my report, I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

Opinion prescribed by the Auditor General for Scotland on audited parts of the Remuneration and Staff Report

I have audited the parts of the Remuneration and Staff Report described as audited. In my opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the Historic Environment Scotland Act 2014 and directions made thereunder by the Scottish Ministers.

Other information

The Accountable Officer and trustees are responsible for the other information in the annual report and financial statements. The other information comprises the Trustees' Annual Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

My responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon except on the Trustees' Annual Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

Opinions prescribed by the Auditor General for Scotland on Trustees' Annual Report and Governance Statement

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Historic Environment Scotland Act 2014 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Historic Environment Scotland Act 2014 and directions made thereunder by the Scottish Ministers.

Matters on which I am required to report by exception

I am required by The Charities Accounts (Scotland) Regulations 2006 to report to you if, in my opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

In addition to my responsibilities for the annual report and financial statements, my conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in my Annual Audit Report.

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Claire Gardiner

Claire Gardiner CPFA
Audit Director

Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

Claire Gardiner is eligible to act as an auditor in terms of section 21 of the Public Finance and Accountability (Scotland) Act 2000.

07 October 2024

Financial statements
Year ended: 31 March 2024

Cunntasan bliadhnail
Bliadhna chrìochnaichte: 31 Màrt 2024

Consolidated statement of financial activity for the year ended 31 March 2024

		2023-24 Unrestricted £000	2023-24 Restricted £000	2023-24 Total £000	2022-23 Unrestricted £000	2022-23 Restricted £000	2022-23 Total £000
	Note						
Income from:							
Government grant in aid		68,335	-	68,335	62,100	-	62,100
Charitable activities	3	47,528	1,456	48,984	35,053	3,060	38,113
Other trading activities	4	18,846	-	18,846	14,490	-	14,490
Donations and legacies		259	-	259	169	-	169
Other income	5	560	-	560	358	-	358
Total income		135,528	1,456	136,984	112,170	3,060	115,230
Expenditure on:							
Raising funds	6	(15,356)	-	(15,356)	(12,971)	-	(12,971)
Charitable activities	7	(106,867)	(1,155)	(108,022)	(85,919)	(2,944)	(88,863)
Grants	8	(5,730)	-	(5,730)	(17,872)	-	(17,872)
Total expenditure		(127,953)	(1,155)	(129,108)	(116,762)	(2,944)	(119,706)
Net income/ (expenditure)		7,575	301	7,876	(4,592)	116	(4,476)
Transfers between funds	25	20	(20)	-	(55)	55	-
Gain on revaluation of fixed assets	28	1,882	-	1,882	2,485	-	2,485
Net movement in funds		9,477	281	9,758	(2,162)	171	(1,991)
Reconciliation of funds							
Total funds brought forward		12,632	2,800	15,432	14,794	2,629	17,423
Total funds carried forward	25	22,109	3,081	25,190	12,632	2,800	15,432

All the activities relate to continuing operations. All gains and losses in the current and prior year are included in the statement of financial activity.

The notes on pages 81 to 114 form part of these financial statements.

Charity statement of financial activity for the year ended 31 March 2024

	Note	2023-24 Unrestricted £000	2023-24 Restricted £000	2023-24 Total £000	2022-23 Unrestricted £000	2022-23 Restricted £000	2022-23 Total £000
Income from:							
Government grant in aid		68,335	-	68,335	62,100	-	62,100
Charitable activities	3	47,528	1,456	48,984	35,053	3,060	38,113
Trading subsidiary donation		1,874	-	1,874	-	-	-
Donations and legacies		259	-	259	169	-	169
Other income	5	7,241	-	7,241	5,875	-	5,875
Total income		125,237	1,456	126,693	103,197	3,060	106,257
Expenditure on:							
Charitable activities	7	(106,867)	(1,155)	(108,022)	(85,919)	(2,944)	(88,863)
Grants	8	(5,730)	-	(5,730)	(17,872)	-	(17,872)
Other	10	(7,473)	-	(7,473)	(6,688)	-	(6,688)
Total expenditure		(120,070)	(1,155)	(121,225)	(110,479)	(2,944)	(113,423)
Net income/ (expenditure)		5,167	301	5,468	(7,282)	116	(7,166)
Transfers between funds	25	20	(20)	-	(55)	55	-
Gain on revaluation of fixed assets	28	1,882	-	1,882	2,485	-	2,485
Net movement in funds		7,069	281	7,350	(4,852)	171	(4,681)
Reconciliation of funds							
Total funds brought forward		15,040	2,800	17,840	19,892	2,629	22,521
Total funds carried forward	25	22,109	3,081	25,190	15,040	2,800	17,840

All the activities relate to continuing operations. All gains and losses in the current and prior year are included in the statement of financial activity.

The notes on pages 81 to 114 form part of these financial statements.

Consolidated and charity balance sheets as at 31 March 2024

	Note	2023-24 Group £000	2023-24 Charity £000	2022-23 Group £000	2022-23 Charity £000
Fixed assets:					
Intangible assets	15	2,600	2,600	1,939	1,939
Tangible assets	16	45,247	45,247	45,450	45,450
Heritage assets	17	361	361	361	361
Investments	18	-	-	-	-
Total fixed assets		48,208	48,208	47,750	47,750
Current assets:					
Stocks	19	3,012	376	2,761	393
Debtors	20	4,284	7,577	3,270	8,850
Cash at bank and in hand		23,520	22,743	16,161	15,430
Total current assets		30,816	30,696	22,192	24,673
Current liabilities:					
Creditors: amounts falling due within one year	21	(42,219)	(42,112)	(36,145)	(36,239)
Net current liabilities		(11,403)	(11,416)	(13,953)	(11,566)
Total assets less current liabilities		36,805	36,792	33,797	36,184
Creditors: amounts falling due after one year	22	(7,332)	(7,319)	(14,034)	(14,013)
Provisions for liabilities	24	(4,283)	(4,283)	(4,331)	(4,331)
Net assets		25,190	25,190	15,432	17,840
Funds:					
Restricted funds	25	3,081	3,081	2,800	2,800
General reserve	25	(3,795)	(3,795)	(12,489)	(10,081)
Designated funds	25	1,963	1,963	1,963	1,963
Revaluation reserve	28	23,941	23,941	23,158	23,158
Unrestricted funds		22,109	22,109	12,632	15,040
Total funds		25,190	25,190	15,432	17,840

These financial statements of Historic Environment Scotland, registered charity number SC045925, were approved by the Board and the Accountable Officer and authorised for issue on 4 October 2024.

Dr Hugh Hall

Dr Hugh Hall
Chair
04 October 2024

Katerina Brown

Katerina Brown
Chief Executive and Accountable Officer
04 October 2024

The notes on pages 81 to 114 form part of these financial statements.

Consolidated and charity cash flow statements for the year ended 31 March 2024

	Note	2023-24 Group £000	2023-24 Charity £000	2022-23 Group £000	2022-23 Charity £000
Reconciliation of net income/(expenditure) to net cash flow from operating activities					
Net income/(expenditure)		7,876	5,468	(4,476)	(7,166)
Adjustments for					
Depreciation	16	2,736	2,736	2,470	2,470
Amortisation	15	658	658	1,095	1,095
Impairment of fixed assets	16	688	688	-	-
(Increase) / decrease in stock	19	(251)	17	(254)	(23)
(Increase) / decrease in debtors	20	(1,014)	1,273	1,001	2,578
(Decrease) / increase in creditors	21,22	(628)	(821)	5,600	6,131
(Decrease) / increase in provisions	24	(48)	(48)	1,676	1,676
Net cash generated from operating activities		10,017	9,971	7,112	6,761
Cash flows from investing activities					
Purchase of fixed assets	15, 16	(2,658)	(2,658)	(3,941)	(3,941)
Net cash used in investing activities		(2,658)	(2,658)	(3,941)	(3,941)
Net increase in cash		7,359	7,313	3,171	2,820
Cash at the beginning of period		16,161	15,430	12,990	12,610
Cash at the end of period		23,520	22,743	16,161	15,430
The balances at were held at:					
Government Banking Service		20,218	20,218	13,375	13,375
Commercial bank and cash in hand		3,302	2,525	2,786	2,055
Cash at the end of period		23,520	22,743	16,161	15,430

The notes on pages 81 to 114 form part of these financial statements.

Notes to the financial statements

1. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a. Basis of preparation

Historic Environment Scotland (HES), is a non-departmental public body (NDPB), formed under the Historic Environment Scotland Act 2014 and is also a registered charity.

HES meets the definition of a public benefit entity under the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

These Annual Report and Financial Statements have been produced in accordance with:

- The Accounts Direction issued by Scottish Ministers (reproduced as an appendix);
- Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), second edition, effective 1 January 2019 (Charities SORP); and related information sheets;
- The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- The 2023-24 Government Financial Reporting Manual (FReM) issued by HM Treasury;
- The Charities and Trustee Investment (Scotland) Act 2005; and
- The Charities Accounts (Scotland) Regulations 2006.

The financial statements have been prepared under the historical cost convention modified to account for the revaluation of land and buildings.

The presentation currency of these financial statements is sterling. All amounts have been rounded to the nearest £1,000.

b. Going concern basis

The Board and Accountable Officer have considered whether it is appropriate to prepare the financial statements on a going concern basis, with particular consideration to the negative general reserves and negative current liabilities.

The Scottish Government's Resource Spending Review 2023-24 to 2026-27 provides some assurance over future funding levels. The Board and Accountable Officer have reviewed latest financial projections, considering government funding and commercial income, and are satisfied that it remains appropriate to prepare HES's financial statements on a going concern basis. Further information is disclosed within the Financial Review on page 32.

c. Basis of consolidation

The financial statements consolidate the results of HES and its wholly owned subsidiary Historic Environment Scotland Enterprises Limited (HESe).

The reporting date of the financial statements for both HES and its subsidiary is 31 March 2024 and there is no difference in reporting dates that needs to be disclosed with regards preparation of the consolidated financial statements.

d. Income

Income is recognised when HES is entitled to the funds, it is probable the income will be received, and the amount can be measured reliably.

Income received in advance of entitlement is recorded as deferred income until the event has taken place.

All income is accounted for net of discounts and Value Added Tax (VAT).

Government grant in aid

HES receives grant in aid from the Scottish Government to help fund our core activities. Grant in aid is treated as income and credited to the statement of financial activity in the period in which it is received.

1. Accounting policies (continued)

Other grant income

Grant income from other sources is recorded when it is receivable. If entitlement to grant income is subject to performance conditions, the income is deferred and recognised as the performance conditions are met.

Admissions, retail, and other earned income

Admissions, retail, and other earned income is recognised when earned.

Membership income

Historic Scotland annual membership income is deferred and released to income from charitable activities within the statement of financial activities over the period to which the membership subscription relates.

Historic Scotland life membership income is recognised in 20 equal annual instalments and allocated to income from charitable activities within the statement of financial activities, as appropriate.

Donations

Donations of cash are recognised when received and associated gift aid is recognised when claimable. Donations of non-cash assets are recognised at fair value when title passes to HES and fair value to HES can be measured reliably.

e. Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable the settlement will be required, and the amount of the obligation can be measured reliably.

Expenditure is classified in the statement of financial activity according to activity to which it relates: raising funds, charitable activities, grants, or other. Further information on these costs is provided in the Financial Review on page 32.

Expenditure by activity heading includes an allocation of support costs. Support costs are those functions that assist the work of HES but

do not directly undertake charitable activities. The bases on which support costs have been allocated are set out in note 9.

Expenditure is shown net of VAT where it is recoverable. Non-recoverable VAT is charged as a cost against the activity for which the expenditure is incurred.

f. Grants payable

Grants are paid to individuals and bodies by HES in accordance with its statutory powers and duties.

Grant expenditure is recognised in the statement of financial activity when a formal offer has been made.

Grants payable over a number of years are represented in creditors due within and after one year.

g. Leases

All HES leases are leases where substantially all the risks and benefits of ownership of the asset have not transferred to HES and are therefore classified as operating leases. There are no assets held under finance lease.

Rentals payable are charged to the statement of financial activity on a straight-line basis over the term of the lease.

HES recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis.

h. Fund accounting

Unrestricted funds are available to spend on activities which further any of the purposes of HES. Designated funds are a portion of unrestricted funds that has been set aside for a particular purpose.

Restricted funds must be used for particular purposes specified by or agreed with the donor or grantor.

i. Tangible fixed assets

Initial recognition

On initial recognition, tangible fixed assets are measured at cost including any costs directly attributable to bringing them into working condition.

Properties in care

HES is responsible for over 300 archaeological and historic sites across Scotland in the care of Scottish Ministers (the properties in care or PICs). Many of these buildings, sites, and monuments, although cared for by HES, are not owned by the Scottish Ministers. They are held in guardianship, a legal agreement between the owner and Scottish Ministers under which the title to the property remains with the owner, but Scottish Ministers, through HES, have full control and management of the property.

HES does not have legal ownership of the majority of the PICs, however, in the opinion of the Board and Accountable Officer these assets are integral to the operation and being of HES and are included within these financial statements. Land, buildings and dwellings

Land, buildings and dwellings owned by, or in the guardianship of HES, are classified as either:

- Heritage land, buildings and dwellings, or
- Operational land, buildings and dwellings.

The heritage assets accounting policy at note 1k sets out accounting for the heritage land, buildings, and dwellings.

Operational land, buildings and dwellings includes elements of the PICs, which, in addition to being held by HES in pursuit of its overall objectives, are also used for income generation or other non-heritage purposes.

All operational land, buildings and dwellings are subject to a five-year rolling programme of professional valuations. The valuations are undertaken by the District Valuers of the Valuation Office Agency, acting in the capacity of external

valuers, and are prepared in accordance with the professional standards of the Royal Institution of Chartered Surveyors: RICS Valuation – Global Standards and RICS UK National Supplement, commonly known together as the ‘Red Book’.

The operational land, buildings and dwellings have been valued on a fair value basis applying the following approaches:

- Non-specialised properties – market value for existing use.
- Specialised properties – depreciated replacement cost.
- Properties leased to third parties – open market value.

Land related to operational assets is valued where it can be clearly separated from the heritage asset. Plant and machinery, which would normally be regarded as an integral part of the properties and essential for their effective use, have been included in the valuations.

These valuations are updated annually by HES using appropriate indices and, following valuation, the remaining life may be restated.

Leasehold building improvements

Leasehold building improvements (LBIs) represent the fit-out costs where HES is tenant. Depreciated historic cost has been used as a proxy for the current value as LBIs comprise lots of individual items of relatively low value in comparison to the overall total. The depreciation charge is thought to provide a realistic reflection of consumption.

Motor vehicles, information and computer technology systems and plant and equipment

Motor vehicles, information, and computer technology (ICT) systems and plant and equipment are stated at depreciated historic cost.

Works of art

Works of art included in tangible fixed assets relate to works commissioned by HES (or its predecessor bodies) and are stated at depreciated historic cost.

1. Accounting policies (continued)

Assets under construction

Assets under construction comprise expenditure on the creation or enhancement of tangible fixed assets not brought into use at the balance sheet date. Transfers are made from assets under construction to the relevant category of tangible fixed assets when the asset is brought into use.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or, if appropriate, recognised as a separate asset if it is probable that future benefits associated with the item will flow to HES and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the statement of financial activity during the financial year in which they are incurred.

Capitalisation thresholds

The capitalisation thresholds for tangible fixed assets are £10,000 for land, buildings and dwellings, £1,000 for ICT systems and £5,000 for all other categories.

Donated fixed assets

Donated fixed assets are capitalised at their fair value on receipt. The funding element is recognised as income and charged to the statement of financial activity. Subsequent revaluations are recognised in the revaluation reserve.

Depreciation

Depreciation is provided on tangible fixed assets (excluding land and assets under construction) on a straight-line basis at rates sufficient to write down their cost to their estimated residual value, over their estimated useful lives.

The depreciation periods for the principal categories of tangible fixed assets are:

- **Land** – Not depreciated
- **Buildings and dwellings** – On an individual basis not exceeding 60 years
- **Leasehold building improvements** (included within buildings and dwellings) – Over the term of the lease

- **Motor vehicles** – 5 years
- **ICT systems** – 3 years
- **Plant and equipment** – 5 years
- **Works of art** (non-heritage) – Up to 60 years

Assets under construction are not depreciated until the asset is brought into use.

j. Intangible fixed assets

HES recognises an intangible asset when it is probable the asset will bring future economic benefits, and where costs can be measured reliably.

The capitalisation thresholds for intangible fixed assets are £1,000 for computer and software licenses, and £5,000 for all other categories.

Assets under construction

Assets under construction comprise expenditure on the creation or enhancement of intangible fixed assets not brought into use at the balance sheet date. Transfers are made from assets under construction to the relevant category of intangible fixed assets when the asset is brought into use.

Amortisation

Amortisation is provided on intangible fixed assets on a straight-line basis at rates sufficient to write down their cost to their estimated residual value, over their estimated useful lives.

The amortisation periods for the principal categories of intangible fixed assets are:

- **Archive rights** – 10 years
- **Software, licences & website** – 3 years

Assets under construction are not amortised until the asset is brought into use.

k. Heritage fixed assets

Heritage assets are defined as tangible items with historical, artistic, scientific, technological, geophysical, or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. The ability to value these assets is noted below.

Properties in care

As noted above, HES is responsible for over 300 archaeological and historic sites across Scotland in the care of Scottish Ministers (the properties in care or PICs). It is the opinion of the Board and Accountable Officer that a materially accurate and reliable valuation of the properties in care cannot be obtained due to diverse and unique nature of the properties in care, and lack of comparative market value. No value has been included in the balance sheet for the properties in care except for elements used for income generation or other non-heritage purposes.

Archives and collections

HES owns or holds in its care archives and collections relating to Scotland's wider historic environment. It is the opinion of the Board and Accountable Officer that a materially accurate and valuation cannot be obtained due to the number and diverse of items, and lack of comparative market values. No value has been included in the balance sheet for archives and collections except acquisitions since 2004 where reliable cost information is available.

Conservation costs

Expenditure which is required to conserve and maintain heritage assets, in line with HES responsibility to protect and enhance the historic environment, is charged to the statement of financial activity when it is incurred.

l. Investments

Investment in HESe is carried on the balance sheet at cost.

m. Stock

Stock is valued at the lower of cost and net realisable value. Retail stock net realisable value is estimated as selling price less costs to sell and retail cost is calculated using the average cost method. Provision is made for obsolete, slow-moving, or defective items where appropriate.

n. Cash at bank and in hand

Cash at bank and in hand includes deposits with banks and cash held at sites.

o. Financial instruments

The financial assets and liabilities held by HES qualify as basic financial instruments under FRS 102. Financial assets and financial liabilities are recognised when HES becomes a party to the contractual provisions of the instrument.

Financial assets

Basic financial assets, comprising cash, trade and other debtors and accrued income, are initially recognised at transaction value and subsequently measured at their settlement value after any trade discount offered.

Financial assets are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is charged to the statement of financial activity.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) HES transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) HES, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities

Basic financial liabilities, comprising grants payables, trade and other creditors and accruals, are initially recognised at transaction value and subsequently measured at their settlement value after any trade discount offered. Trade creditors

1. Accounting policies (continued)

are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled, or expires.

p. Provisions

Provisions are recognised where HES has a present obligation resulting from a past event which will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Provisions have been discounted using the appropriate discount rate as prescribed by HM Treasury where material.

q. Pensions

Past and present employees of HES are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS – known as ‘alpha’), multi-employer defined benefit schemes which is described in the staff costs note (note 13).

HES is unable to identify its share of the assets and liabilities and it accounts for the schemes as a defined contribution scheme.

Employer’s pension contributions are charged to the statement of financial activity.

HES is required to meet the additional costs of benefits beyond the normal PCSPS and CSOPS benefits in respect of employees who retire early. HES provides in full for these costs when the early retirement has been agreed.

r. Realised element on depreciation of revaluation reserve

Depreciation is charged to the statement of financial activity on the revalued amount of the relevant assets. An element of the depreciation arises from the increase in valuation and is in excess of the depreciation that would be charged on the historic cost of the relevant assets. The amount relating to this excess is the realised gain on revaluation and is transferred from the revaluation reserve to unrestricted reserve.

s. Foreign currency

Transactions denominated in foreign currencies are translated to sterling at the rate ruling at the date of transaction. Any monetary assets and liabilities outstanding at the year-end are translated into sterling at the rates ruling at 31 March. Exchange differences are recorded in the statement of financial activity.

2. Critical accounting judgements and key sources of estimates

In the application of the accounting policies described in note 1, the Board and Accountable Officer are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

a. Judgements

Going concern

The Board and Accountable Officer's assessment of the going concern basis is a critical judgement and has been based on confirmation of government grant in aid and prudent financial forecasts.

Value of heritage assets

The Board and Accountable Officer's opinion that a materially accurate and reliable valuation of the properties in care, collections and archives heritage assets cannot be obtained is a critical judgement and based on the nature of the assets and lack of comparative market values.

The Board and Accountable Officer do not consider there to be any other critical accounting judgements requiring disclosure beyond the going concern assessment, heritage asset valuation and application of the other accounting policies above.

b. Estimates

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. However, there is not considered to be a significant risk of material adjustment in the next reporting period. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The critical estimates that have the most significant impact on the financial statements are set out below. Other than the below, the Board and Accountable Officer do not consider there to be any sources of estimation uncertainty requiring disclosure.

Value of operational property

At 31 March 2024 approximately 20% of the operational land, buildings and dwellings assets were valued by District Valuers of the Valuation Office Agency acting in the capacity of external valuers. HES undertakes this valuation exercise annually as part of a five-year rolling programme of professional valuations in accordance with the Charities SORP.

The valuation report has been used to inform the measurement of assets in these financial statements. The carrying amounts of land, buildings and dwellings as at 31 March 2024 is reported in the tangible fixed assets note (note 16) and the impact of the valuation as at 31 March 2024 is reported in the revaluation reserve note (note 28).

As noted, HES has not obtained a complete valuation of all land, buildings and dwellings assets as at 31 March 2024. The carrying amounts of land, buildings and dwellings not subject to valuation

2. Critical accounting judgements and key sources of estimates (continued)

as at 31 March 2024 have been updated using appropriate indices. HES recognises that there may now be greater uncertainty in markets on which the valuations for the remaining assets were based (dating from 2019-20 to 2022-23), and on which asset measurements reflected in these statements have also been calculated.

Provisions for future liabilities

HES leases a number of properties and has certain legal obligations to repair and maintain these properties. HES recognises a provision for leasehold dilapidations and this is estimated based on assessments of our legal obligations and the condition of properties. These assessments are informed by expert advice from external surveyors as well as our internal surveyors. The provision for leasehold dilapidations is reported in the provision for liabilities note (note 24).

HES has certain legal obligations for the safety of visitors and staff to its sites and can sometimes receive claims for compensation when accidents happen. HES recognises a provision for compensation claims and this is estimated based on an assessment of our legal obligations and likelihood of payment. These are assessments informed by expert advice from our external insurers, external lawyers as well as our internal lawyers. The provision for compensation payments is reported in the provision for liabilities note (note 24).

3. Income from charitable activities – Group and Charity

	2023-24 Unrestricted £000	2023-24 Restricted £000	2023-24 Total £000	2022-23 Unrestricted £000	2022-23 Restricted £000	2022-23 Total £000
Admissions	41,339	-	41,339	30,286	-	30,286
Membership	4,653	-	4,653	4,033	-	4,033
Audio tours	1,060	-	1,060	794	-	794
Imaging sales – charitable	52	-	52	54	-	54
Third party services	121	-	121	84	-	84
Visitor events	92	-	92	68	-	68
Historic Scotland Foundation grants	-	624	624	-	679	679
Partnership funding	149	832	981	(343)	2,381	2,038
Other	62	-	62	77	-	77
Total	47,528	1,456	48,984	35,053	3,060	38,113

4. Income from trading activities – Group

	2023-24 Unrestricted £000	2022-23 Unrestricted £000
Retail and catering	14,012	10,115
Imaging sales – trading	1,780	1,637
Events and venue hire	2,255	1,868
Other	799	870
Total	18,846	14,490

5. Other income

Group

	2023-24 Unrestricted £000	2022-23 Unrestricted £000
Other	560	358
Total	560	358

Charity

	2023-24 Unrestricted £000	2022-23 Unrestricted £000
Recharges for personnel and services	6,379	5,189
Intercompany loan interest	302	328
Other	560	358
Total	7,241	5,875

6. Expenditure on raising funds – Group

	2023-24 Unrestricted £000	2022-23 Unrestricted £000
Direct salaries	4,645	3,661
Direct costs	7,867	6,452
Support costs	2,421	2,404
Depreciation	423	454
Total	15,356	12,971

7. Expenditure on charitable activities – Group and Charity

2023-24

	Operations £000	Cultural Assets £000	Marketing and Engagement £000	Heritage £000	External Relations and Partnership £000	Total £000
Direct salaries	28,468	9,770	5,336	7,293	1,899	52,766
Direct costs	19,897	5,532	5,739	1,102	1,375	33,645
Support costs	10,105	3,223	2,186	1,778	684	17,976
Depreciation	1,636	541	375	284	111	2,947
Impairment	-	688	-	-	-	688
Total	60,106	19,754	13,636	10,457	4,069	108,022
Unrestricted	60,060	19,554	12,877	10,323	4,053	106,867
Restricted	46	200	759	134	16	1,155
Total	60,106	19,754	13,636	10,457	4,069	108,022

2022-23

	Operations £000	Cultural Assets £000	Marketing and Engagement £000	Heritage £000	External Relations and Partnership £000	Total £000
Direct salaries	25,316	8,605	4,419	6,323	1,521	46,184
Direct costs	12,456	3,354	4,986	1,099	438	22,333
Support costs	9,624	2,970	2,274	1,879	516	17,263
Depreciation	1,699	538	424	334	88	3,083
Impairment	-	-	-	-	-	-
Total	49,095	15,467	12,103	9,635	2,563	88,863
Unrestricted	49,046	14,290	11,138	8,919	2,526	85,919
Restricted	49	1,177	965	716	37	2,944
Total	49,095	15,467	12,103	9,635	2,563	88,863

8. Expenditure on grants – Group and Charity

	2023-24 £000	2022-23 £000
Grants payable	4,878	17,062
Direct salaries	601	553
Direct costs	80	70
Support costs	147	159
Depreciation	24	28
Total	5,730	17,872

	2023-24 £000	2022-23 £000
Grants invested from current year funding	13,243	12,693
Grants returned to HES	(8)	(171)
Movement in grant commitments from future funding	(8,357)	4,540
Grants payable	4,878	17,062

9. Support costs – Group and Charity

2023-24	Raising Funds £000	Charitable Activities £000	Grants £000	2023-24 Total £000
Information systems	874	6,083	48	7,005
Office running costs	502	3,496	27	4,025
Finance	354	2,467	19	2,840
HR	194	2,247	23	2,464
Chief executive's office	161	1,121	9	1,291
Information governance	98	683	5	786
Health, safety, and security	49	572	6	627
Governance	51	353	3	407
Project management office	46	322	3	371
Corporate analysis and performance	45	313	2	360
Communications	45	309	2	356
Other	2	10	-	12
Total	2,421	17,976	147	20,544

2022-23	Raising Funds £000	Charitable Activities £000	Grants £000	2022-23 Total £000
Information systems	793	5,373	49	6,215
Office running costs	679	4,601	42	5,322
Finance	344	2,332	21	2,697
HR	132	1,641	17	1,790
Chief executive's office	146	991	9	1,146
Information governance	93	630	6	729
Health, safety, and security	40	501	5	546
Governance	50	335	3	388
Project management office	31	212	2	245
Corporate analysis and performance	38	260	2	300
Communications	38	255	2	295
Other	20	132	1	153
Total	2,404	17,263	159	19,826

HR, health, safety and security and other costs are allocated to activities on the basis of the average number of employees. The remainder of support costs are allocated on the basis of expenditure by activity excluding grants payable.

Charity

The total amount and allocation of support costs in the charity financial statements is consistent with the group financial statements with the exception that costs allocated to 'expenditure on raising funds' in the group financial statements have been allocated to 'expenditure on other' in the charity financial statements.

10. Expenditure on other – Charity

	2023-24 £000	2022-23 £000
Direct salaries	4,629	3,830
Support costs	2,421	2,404
Depreciation	423	454
Total	7,473	6,688

‘Expenditure on Other’ comprises costs incurred by the Charity in providing personnel and support services to HESe.

11. Grants – Group and Charity

	2023-24 £000	2022-23 £000
Grants commitment at beginning of period	36,927	33,514
Grants awarded	5,560	17,934
Grants reduced	(632)	(812)
Grants paid in year	(9,738)	(13,709)
Grants commitment at end of period	32,117	36,927

	2023-24 £000	2022-23 £000
Accrual for grants payable falling due within one year	24,397	22,529
Accrual for grants payable falling due outside one year	5,658	12,232
Grants retentions falling due within one year	1,030	1,009
Grants retentions falling due outside one year	1,032	1,157
Grants commitment at end of period	32,117	36,927

In addition to grant offers, HES has given indicative authorisation to some grant applicants. While these do not represent a firm offer of grant, they reflect future potential offers and are an indication of the pressure on grants which HES faces. As at 31 March 2024, indicative authorisations were £8,327,000 (2022-23: £10,338,000).

Grants awarded:

	2023-24 Institutions £000	2023-24 Individuals £000	2023-24 Total £000	2022-23 Institutions £000	2022-23 Individuals £000	2022-23 Total £000
Archaeology Programme Funding	75	-	75	108	-	108
City Heritage Trust	94	-	94	9,414	-	9,414
Conservation Area Regeneration Scheme	20	-	20	1,180	-	1,180
Heritage and Place Programme	407	-	407	-	-	-
Historic Environment Grants	870	7	877	-	-	-
Historic Environment Repair Grants	2,876	-	2,876	2,331	24	2,355
Historic Environment Support Fund	97	8	105	312	49	361
Organisational Support Fund	810	-	810	949	-	949
Partnership Fund	296	-	296	3,567	-	3,567
Total	5,545	15	5,560	17,861	73	17,934

Information of our grants policy can be found on page 38.

Details of the **grants awarded during the year** ended 31 March 2024, and the **grant programmes HES operates** can be found on our website.



View information about grants awarded by Historic Environment Scotland



View detail of the grant programmes Historic Environment Scotland operates

12. Expenditure disclosures

External auditor's remuneration for audit of the financial statements	2023-24 £000	2022-23 £000
Historic Environment Scotland	113	107
Historic Environment Scotland Enterprises Limited	12	11
Total	125	118

There was no external auditor's remuneration for other services in 2023-24 or 2022-23.

Board members' expenses	2023-24 £000	2022-23 £000
Accommodation, travel, and subsistence incurred by or on behalf of board members	3	3

Number of board members	2023-24	2022-23
Number of board members	15	16
Number of board members claiming expenses	9	5
Number of board members for whom payments were made to third parties on their behalf	-	-

13. Staff costs – Group and Charity

Staff costs for the year to 31 March 2024 were £68,690,000 (2022-23: £60,109,000). Further analysis of these costs is shown within the Remuneration and Staff Report on page 56.

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (known as alpha) are unfunded multi-employer defined benefit schemes but HES is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2020. Details can be found on the [Civil Service Pensions website](#).



View the [Civil Service Pension Scheme website](#)

For the year to 31 March 2024, employers' contributions of £13,004,000 (2022-23: £11,152,000) were payable to the PCSPS and alpha at one of four rates in the range 26.6% to 30.3% (2022-23: 26.6% to 30.3%) of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The anticipated employers' contributions for the year to 31 March 2025 are £16,974,000.

The contribution rates are set to meet the cost of the benefits accruing during the year ended 31 March 2024 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account – a stakeholder pension with an employer contribution. Employer contributions of £132,000 (2022-23: £125,000) were paid to the appointed stakeholder pension provider. Employer contributions are age related and range from 8% to 14.75% of pensionable earnings. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £4,000 (2022-23: £4,000), 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £17,000 (2022-23: £15,000). No contributions were prepaid at that date (2022-23: £nil).

Key management personnel remuneration is disclosed within the Remuneration and Staff Report on page 56.

14. Related parties – Group and Charity

Scottish Government

HES is a non-departmental public body (NDPB) sponsored by the Scottish Government. The Scottish Government is considered a related party as it has significant influence over HES through funding and legislation. HES's relationship with the Scottish Government is set out in our Framework Agreement. Grant in aid funding received from the Scottish Government is reported in the consolidated statement of financial activity on page 77.

Group undertakings:

Historic Environment Scotland Enterprises Limited

HES wholly owns Historic Environment Scotland Enterprises Limited (HESe). All transactions between HES and HESe are eliminated on consolidation.

Transactions undertaken with group undertakings during the year were:

	2023-24 £000	2022-23 £000
Supply of personnel and support services from HES to HESe	6,379	5,189
Intercompany loan interest from HESe to HES	302	328
Supply of facilities from HESe to HES	-	144
Charitable donation from HESe to HES	1,874	-
Total	8,555	5,661

Amount receivable from/due to group undertakings:

	Debtors receivable 2023-24 £000	Creditors outstanding 2023-24 £000	Debtors receivable 2022-23 £000	Creditors outstanding 2022-23 £000
HESe – loan	2,005	-	6,302	-
HESe – charitable donation	1,874	-	-	-
HESe – intercompany account	-	718	-	833
Total	3,879	718	6,302	833

Board members, directors and other senior staff of HES

The nature of HES's activities, and the composition of its board and Executive Leadership Team, mean that transactions often take place with related parties. The following transactions and balances are disclosed as the individuals concerned, or individuals closely connected to them, are considered to have control or influence in both parties to the transactions concerned. The transactions were all conducted at arm's length under the normal course of business, and in line with HES's Financial Regulations. Standard terms and conditions were applied and there were no special terms and conditions such as interest or security.

Crichton Trust

HES board member (to 18 June 2023) Janet Brennan is a trustee of Crichton Trust. HES incurred costs up to 18 June 2023 of £4,000 (2022-23: £15,000). Amounts due from HES as at 31 March 2024 were £3,000 (2022-23: £Nil).

Whithorn Trust

HES board member (to 18 June 2023) Janet Brennan is a director of the Whithorn Trust. HES incurred costs in 2023-24 of £Nil (2022-23: £33,000). HES made payments in 2023-24 of previously awarded grants of £Nil (2022-23: £Nil). Amounts due from HES as at 31 March 2024 were £Nil (2022-23: £Nil).

Iona Community

HES board member (to 18 June 2023) Paul Stollard is an associate member for The Iona Community. HES received payments up to 18 June 2023 of £7,000 (2022-23: £24,000). HES incurred costs up to 18 June 2023 of £Nil (2022-23: £21,000). Amounts due from HES as at 31 March 2024 were £Nil (2022-23: £7,000). The Scottish Government agreed to a rent waiver of £73,000 for the years 2020 to 2024 to mitigate planned rental increases.

University of the Highlands and Islands

HES director (to 31 March 2024) Alex Paterson is a court member of the University of the Highlands and Islands (from June 2023) and HES board member (to 18 June 2023) Fiona Mclean is the Rector and Chair of Foundation of the University of the Highlands and Islands. HES incurred costs in 2023-24 of £1,000 (2022-23: £Nil). Amounts due from HES as at 31 March 2024 were £1,000 (2022-23: £Nil).

National Lottery Heritage Fund

HES board member (to 18 June 2023) Fiona Mclean is a committee member (Scotland) for the National Lottery Heritage Fund. HES received payments to 18 June 2023 of previously awarded grants of £13,000 (2022-23: £Nil). Amounts due from HES as at 31 March 2024 were £Nil (2022-23: £Nil).

JPS Restoration

HES director Dr David Mitchell's brother-in-law owns the company JPS Restoration. HES incurred costs of £3,000 in 2023-24 (2022-23: £7,000). Amounts due from HES as at 31 March 2024 were £Nil (2022-23: £Nil).

The Malt Whisky Trail Ltd

HES director Stephen Duncan is a board member of The Malt Whisky Trail Ltd. HES made payments of previously awarded grants of £2,000 in 2023-24 (2022-23: £4,000). Amounts due from HES as at 31 March 2024 were £Nil (2022-23: £Nil).

Scotland's Towns Partnership

HES director Alison Turnbull is a director for Scotland's Towns Partnership. HES incurred costs in 2023-24 of £6,000 (2022-23: £Nil). Amounts due from HES as at 31 March 2024 were £Nil (2022-23: £Nil).

University of Edinburgh

HES board member Gary Jebb is an employee of Edinburgh University. HES received payment in 2023-24 of £21,000. Amounts owed to HES as at 31 March 2024 were £3,000. HES incurred costs in 2023-24 of £12,000. HES made payments

14. Related parties – Group and Charity (continued)

of previously awarded grants in 2023-24 of £44,000. Amounts due from HES were £Nil. Prior year comparatives have not been provided as a related party relationship did not exist in 2022-23.

Other than as disclosed above, none of the board members, members of key management personnel or related parties has entered into any material transaction with HES during the year.

Further details can be found within the **Register of Declared Interests** which is publicly available on the HES website.



View the **Register of Declared Interests**

15. Intangible assets – Group and Charity

	Archive rights £000	Software, licences and website £000	Assets under construction £000	Total £000
Cost				
As at 1 April 2022	54	4,720	208	4,982
Additions	-	-	1,020	1,020
Transfers	-	124	(124)	-
Disposals	-	-	-	-
As at 31 March 2023	54	4,844	1,104	6,002
Additions	-	-	1,319	1,319
Transfers	-	-	-	-
Disposals	-	-	-	-
As at 31 March 2024	54	4,844	2,423	7,321
Accumulated amortisation				
As at 1 April 2022	(47)	(2,922)	-	(2,969)
Charge for the year	(7)	(1,087)	-	(1,094)
Disposals	-	-	-	-
As at 31 March 2023	(54)	(4,009)	-	(4,063)
Charge for the year	-	(658)	-	(658)
Disposals	-	-	-	-
As at 31 March 2024	(54)	(4,667)	-	(4,721)
Net book value				
As at 31 March 2022	7	1,798	208	2,013
As at 31 March 2023	-	835	1,104	1,939
As at 31 March 2024	-	177	2,423	2,600

Amortisation of archive rights is included within expenditure on charitable activities within the statement of financial activity. The software, licences and website amortisation costs are included with information systems support costs and are allocated as described in note 9 above.

16. Tangible assets – Group and Charity

	Land £000	Buildings £000	Dwellings £000	Motor vehicles £000	ICT systems £000	Plant & equipment £000	Works of art £000	Assets under construction £000	Total £000
Cost or valuation									
As at 1 April 2022	3,338	34,098	4,608	3,182	7,148	7,571	2,331	268	62,544
Additions	-	31	-	155	1,351	385	-	999	2,921
Transfers	-	175	-	-	-	-	-	(175)	-
Disposals	-	-	-	(23)	-	(126)	-	-	(149)
Revaluation and Indexation	289	1,656	128	-	-	-	-	-	2,073
Impairment	-	-	-	-	-	-	-	-	-
As at 31 March 2023	3,627	35,960	4,736	3,314	8,499	7,830	2,331	1,092	67,389
Additions	-	-	-	-	223	177	-	939	1,339
Transfers	-	1,146	-	-	-	-	-	(1,146)	-
Disposals	-	-	-	(643)	(15)	(32)	-	-	(690)
Revaluation and Indexation	113	(1,209)	193	-	-	-	-	-	(903)
Impairment	-	-	-	-	-	-	-	(688)	(688)
As at 31 March 2024	3,740	35,897	4,929	2,671	8,707	7,975	2,331	197	66,447
Accumulated depreciation and impairment									
As at 1 April 2022	(7)	(2,915)	(374)	(2,839)	(6,583)	(6,330)	(982)	-	(20,030)
Charge for the year	-	(1,296)	(185)	(186)	(367)	(400)	(36)	-	(2,470)
Transfers	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	23	-	126	-	-	149
Revaluation and Indexation	-	240	172	-	-	-	-	-	412
Impairment	-	-	-	-	-	-	-	-	-
As at 31 March 2023	(7)	(3,971)	(387)	(3,002)	(6,950)	(6,604)	(1,018)	-	(21,939)
Charge for the year	-	(1,322)	(193)	(111)	(679)	(395)	(36)	-	(2,736)
Transfers	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	643	15	32	-	-	690
Revaluation and Indexation	-	2,718	67	-	-	-	-	-	2,785
Impairment	-	-	-	-	-	-	-	-	-
As at 31 March 2024	(7)	(2,575)	(513)	(2,470)	(7,614)	(6,967)	(1,054)	-	(21,200)

	Land £000	Buildings £000	Dwellings £000	Motor vehicles £000	ICT systems £000	Plant & equipment £000	Works of art £000	Assets under construction £000	Total £000
Net book value									
As at 31 March 2022	3,331	31,183	4,234	343	565	1,241	1,349	268	42,514
As at 31 March 2023	3,620	31,989	4,349	312	1,549	1,226	1,313	1,092	45,450
As at 31 March 2024	3,733	33,322	4,416	201	1,093	1,008	1,277	197	45,247
Historic cost									
As at 31 March 2022	1,450	12,836	-	343	565	1,277	1,349	267	18,087
As at 31 March 2023	1,450	11,570	-	312	1,549	1,262	1,313	1,092	18,548
As at 31 March 2024	1,450	10,248	-	201	1,093	1,008	1,277	197	15,474

Valuation of land, buildings and dwellings

At 31 March 2024, approximately 20% of the land, buildings and dwelling assets were valued by District Valuers of the Valuation Office Agency.

Valuation assumptions

In determining fair value, the valuers have had regard, except where any part has been declared surplus, to the relevant active market being one which reflects the existing use of the premises. Excluded are any element of hope value for an alternative use and any possible increase in value due to special investment or financial transactions which would leave the owner with a different interest from the one which is to be valued.

The valuers have reflected in the fair value any value attributable to any possibilities of extensions or further buildings on undeveloped land or redevelopment of existing buildings (all for the existing use) providing such construction can be undertaken without major interruption to the continuing business.

The assumption has been made that the properties valued will continue to be held by HES for the foreseeable future having regard to the prospect and viability of the continuance of that occupation.

Where a non-specialised property has been valued using the comparative method of valuation, the total value has been apportioned between its residual amount (the land) and depreciable amount (the remainder, effectively the building).

For those properties where there is no market-based evidence to support fair value, the Depreciated Replacement Cost (DRC) approach has been used. These are properties which are rarely sold in the market, except by way of a sale of the business or entity of which they are part, due to uniqueness arising from their specialised nature and design, their configuration, size, location or otherwise. For specialised properties, the land and building parts have been valued separately and when combined these figures give the asset's total value.

16. Tangible assets – Group and Charity (continued)

Where DRC is used, the valuer has had regard to the RICS UKGN, titled 'Depreciated Replacement Cost (DRC) Method of Valuation for Financial Reporting', as supplemented by Treasury guidance.

For each specialised property, the Gross Replacement Cost (GRC) of providing a new modern equivalent asset has been assessed. This GRC has then been adjusted to reflect obsolescence to arrive at a Net Replacement Cost (also known as Depreciated Replacement Cost – DRC) which reflects the remaining service potential of the actual asset and is the depreciable amount. The valuers have assumed that functional obsolescence is de-minimis and therefore we have not reflected this in our DRC valuations.

All DRC valuations are inclusive of professional fees and non-recoverable VAT but exclude finance charges, in accordance with HM Treasury guidance.

Operational land, including land associated with buildings valued to DRC, has been assessed to fair value, having regard to the cost of purchasing a notional replacement site in the same locality, equally suitable for the existing use and of the same size. Where the use is too specialised to categorise in market terms, regard has been had to the range of uses prevailing in the locality.

Historic cost value of dwelling

The value of land, buildings and dwellings assets on a historical cost basis is shown in the table above. Any historic cost of dwellings purchased prior to 2003-04 will be included within the buildings category.

17. Heritage assets – Group and Charity

Properties in care

HES is responsible for over 300 archaeological and historic sites across Scotland in the care of Scottish Ministers (the properties in care or PICs).

The **Scheme of Delegation by Scottish Ministers to Historic Environment Scotland – Properties in Care** set out the PICs and HES’s responsibilities for managing these. HES publishes **Properties in Care of Scottish Ministers Annual Reports** detailing activity undertaken on the PICs.

As set out in accounting policy 1k Heritage fixed assets, HES does not recognise these assets on its balance sheet, with the exception of elements used for income generation or other non-heritage purposes.



View the **Scheme of Delegation by Scottish Ministers to Historic Environment Scotland – Properties In Care**



View **Properties in Care of Scottish Ministers Annual Reports**

Archives and collections

HES owns or holds in its care archives and collections relating to Scotland’s wider historic environment:

- **Archives** – over five million archival items relating to all aspects of the historic environment of Scotland
- **Properties in Care Associated Collections (PICACs)** – over 45,000 objects of cultural significance relating to the history and archaeology of properties in our care (PICs)
- **National Collection of Aerial Photography (NCAP)** – over 30 million aerial images featuring historic events and places worldwide, including 1.6 million images of Scotland

- HES also holds responsibility for some 100,000 recently excavated archaeological artefacts being processed prior to allocation to museums via the Treasure Trove system.



Find out more about **Archives**



Find out more about **PICACs**



Find out more about **NCAP**

As set out in accounting policy 1k Heritage assets, HES does not recognise these assets on its balance sheet, with the exception of acquisitions since 2004 where reliable cost information is available. The value of heritage assets included in the balance sheet are set out in the table below:

	2023-24	2022-23
Collections	£000	£000
Cost and net book value as at beginning and end of period	361	361

The cost and net book value of heritage assets relates to a collection of seven Raeburn paintings purchased by HES in the year ended 31 March 2006. There have not been any acquisitions or disposals of heritage assets in the past five years requiring to be disclosed.

18. Investments – Charity

HES owns 100% of the ordinary share capital of Historic Environment Scotland Enterprises Limited (HESe). HES's investment in HESe is carried on the balance sheet at a cost of £1.

HESe is the trading arm of HES and carries out non-core trading activity, including retail sales of HES merchandise and catering facilities and the commercial sale of images. HESe is a company limited by shares registered in Scotland (SC510997).

The income and expenditure of HESe included in the consolidated statement of financial activities are:

	2023-24 £000	2022-23 £000
Income	18,846	14,490
Expenditure	(14,564)	(11,801)
Profit	4,282	2,689
Charitable donation to HES	1,874	-

The assets and liabilities of HESe included in the group balance sheet are:

	2023-24 £000	2022-23 £000
Current assets	4,717	4,655
Creditors: amounts falling due within one year	(4,705)	(7,043)
Creditors: amounts falling due after more than one year	(12)	(20)
Net assets / (liabilities)	-	(2,408)

19. Stock

The main categories of inventory are retail stocks held in monument shops and raw materials and consumables held for building maintenance purposes.

	2023-24 Group £000	2023-24 Charity £000	2022-23 Group £000	2022-23 Charity £000
Retail stocks net of obsolescence provision	2,636	-	2,368	-
Work stocks – raw materials and consumables	376	376	393	393
Total	3,012	376	2,761	393

The value of retail stocks is shown net of a provision for obsolete and discontinued stock. The value of the provision as at 31 March 2024 was £120,000 (2022-23: £95,000).

Retail stocks included as cost of sales for 2023-24 were £5,808,000 (2022-23: £4,215,000).

Work stocks are used in the upkeep of historic properties and are recorded as direct costs within expenditure on charitable activities when used.

20. Debtors

	2023-24 Group £000	2023-24 Charity £000	2022-23 Group £000	2022-23 Charity £000
Trade debtors	1,412	895	1,197	682
Amounts owed by group undertakings	-	3,879	-	6,302
Prepayments	1,823	1,780	1,407	1,282
Accrued income	786	761	367	285
Reimbursement of provisions	230	230	227	227
Other debtors	33	32	72	72
Total	4,284	7,577	3,270	8,850

21. Creditors: amounts falling due within one year

	2023-24 Group £000	2023-24 Charity £000	2022-23 Group £000	2022-23 Charity £000
Accrual for grants payable	24,397	24,397	22,529	22,529
Grants retentions	1,030	1,030	1,009	1,009
Trade payables	656	620	986	955
Amounts owing to group undertakings	-	718	-	833
Other payables	2,909	2,692	2,313	2,240
Accruals	10,162	9,844	6,478	6,035
Deferred income	3,065	2,811	2,830	2,638
Total	42,219	42,112	36,145	36,239

22. Creditors: amounts falling due after one year

	2023-24 Group £000	2023-24 Charity £000	2022-23 Group £000	2022-23 Charity £000
Accruals for grants payable	5,658	5,658	12,232	12,232
Grants retentions	1,032	1,032	1,157	1,157
Deferred income	642	629	645	624
Total	7,332	7,319	14,034	14,013

23. Deferred income

Deferred income relates to membership and other income received in advance of entitlement.

	Group £000	Charity £000
Total deferred income as at 1 April 2023	3,475	3,263
Amounts released during the period	(2,433)	(2,269)
Amounts deferred during the period	2,665	2,447
Total deferred income as at 31 March 2024	3,707	3,441

24. Provisions for liabilities – Group and Charity

	Compensation payments £000	Dilapidations £000	Other £000	Total £000
Balance as at 1 April 2023	227	4,008	96	4,331
Arising during the year	29	-	-	29
Utilised during the year	-	-	-	-
Unwinding of discount	-	121	-	121
Reversed unutilised	-	(198)	-	(198)
Balance as at 31 March 2024	256	3,931	96	4,283

Compensation payments relate to claims for accidents to HES staff and visitors to the monuments. The estimate is based on information received about the progress of claims and likelihood of any potential liability. The outcome and date of any settlement for these claims is unknown at this stage. There is an expected reimbursement from our insurance provider for the compensation payments. Please see reimbursement debtor within Note 20.

The provision for leasehold dilapidations relates to properties where HES has a legal responsibility as tenants for such costs. The outcome and date of any settlement for these dilapidation payments is unknown at this stage.

25. Funds

	As at 1 April 2023 £000	Income £000	Expenditure £000	Transfer between reserves £000	Gains and losses £000	As at 31 March 2024 £000
Restricted funds – Group and Charity						
Heritage Lottery Fund Engine Shed	2,496	-	(64)	-	-	2,432
Historic Scotland Foundation (HSF) Trove.scot	-	500	4	-	-	504
HSF Geophysics	5	98	(92)	-	-	11
Art & Humanities Research Council (AHRC) CResCA	4	-	(4)	-	-	-
AHRC Capability for Collections Fund	32	-	(20)	(12)	-	-
AHRC Towards a National Collection	(7)	709	(697)	-	-	5
AHRC Rockart	25	-	(7)	-	-	18
Funds less than £100,000	245	149	(275)	(8)	-	111
Total restricted funds – Group and Charity	2,800	1,456	(1,155)	(20)	-	3,081
Unrestricted funds – Group						
General reserve	(12,489)	135,528	(127,953)	1,119	-	(3,795)
Designated fund	1,963	-	-	-	-	1,963
Revaluation reserve	23,158	-	-	(1,099)	1,882	23,941
Total unrestricted funds – Group	12,632	135,528	(127,953)	20	1,882	22,109
Unrestricted funds – Charity						
General reserve	(10,081)	125,237	(120,070)	1,119	-	(3,795)
Designated fund	1,963	-	-	-	-	1,963
Revaluation reserve	23,158	-	-	(1,099)	1,882	23,941
Total unrestricted funds – Charity	15,040	125,237	(120,070)	20	1,882	22,109
All funds – Group	15,432	136,984	(129,108)	-	1,882	25,190
All funds – Charity	17,840	126,693	(121,225)	-	1,882	25,190

25. Funds (continued)

	As at 1 April 2022 £000	Income £000	Expenditure £000	Transfer between reserves £000	Gains and losses £000	As at 31 March 2023 £000
Restricted funds – Group and Charity						
Heritage Lottery Fund Engine Shed	2,560	-	(64)	-	-	2,496
Stockholm University DOS Digitisation	-	523	(523)	-	-	-
HSF Trove.scot	-	500	(500)	-	-	-
HSF Geophysics	-	124	(119)	-	-	5
AHRC CResCA	-	973	(969)	-	-	4
AHRC Capability for Collections Fund	32	-	-	-	-	32
AHRC Towards a National Collection	18	341	(366)	-	-	(7)
AHRC Rockart	41	-	(16)	-	-	25
Funds less than £100,000	(22)	599	(387)	55	-	245
Total restricted funds – Group and Charity	2,629	3,060	(2,944)	55	-	2,800
Unrestricted funds – Group						
General reserve	(8,493)	112,170	(116,762)	596	-	(12,489)
Designated fund	1,963	-	-	-	-	1,963
Revaluation reserve	21,324	-	-	(651)	2,485	23,158
Total unrestricted funds – Group	14,794	112,170	(116,762)	(55)	2,485	12,632
Unrestricted funds – Charity						
General reserve	(3,395)	103,197	(110,479)	596	-	(10,081)
Designated fund	1,963	-	-	-	-	1,963
Revaluation reserve	21,324	-	-	(651)	2,485	23,158
Total unrestricted funds – Charity	19,892	103,197	(110,479)	(55)	2,485	15,040
All funds – Group	17,423	115,230	(119,706)	-	2,485	15,432
All funds – Charity	22,521	106,257	(113,423)	-	2,485	17,840

Restricted funds

Fund	Restriction and use
Heritage Lottery Fund Engine Shed	For the construction of the Engine Shed, a dedicated building conservation centre.
Historic Scotland Foundation - (HSF) Trove.scot (previously Heritage Hub)	To create a Digital Experience Platform that will allow HES to bring many of our services together, enabling access, integrating learning materials with site and archive materials.
HSF Geophysics	Geology Research
Architectural Heritage Research Council (AHRC) - CResCA (Creative Research Capability)	Creating Immersive Experiences
AHRC – Capability for Collections Fund	For the purpose of purchasing capital equipment for research.
AHRC – Towards a National Collection	To cover the costs of running the programme Towards a National Collection, creating a unified virtual ‘national collection’.
AHRC – Rock Art	To fund the Rock Art research programme, dedicated to recording, researching and raising awareness of over 3,000 prehistoric carvings.

Designated funds

Fund	Restriction and use
Properties in care conservation fund	HES established a new designated fund as at 31 March 2021 to support conservation of properties in our care. The fund is expected to be fully utilised as required over the next few years.

26. Net Assets by fund

2023-24

Net Assets	Fixed assets £000	Cash £000	Other net current liabilities £000	Creditors falling due outside one year £000	Provisions £000	Total £000
Group						
Restricted funds	2,431	650	-	-	-	3,081
General reserve	21,836	20,907	(34,923)	(7,332)	(4,283)	(3,795)
Designated fund	-	1,963	-	-	-	1,963
Revaluation reserve	23,941	-	-	-	-	23,941
Total funds	48,208	23,520	(34,923)	(7,332)	(4,283)	25,190

Charity

Restricted funds	2,431	650	-	-	-	3,081
General reserves	21,836	20,130	(34,159)	(7,319)	(4,283)	(3,795)
Designated fund	-	1,963	-	-	-	1,963
Revaluation reserve	23,941	-	-	-	-	23,941
Total funds	48,208	22,743	(34,159)	(7,319)	(4,283)	25,190

2022-23

Net assets	Fixed assets £000	Cash £000	Other net current liabilities £000	Creditors falling due outside one year £000	Provisions £000	Total £000
Group						
Restricted funds	2,496	304	-	-	-	2,800
General reserve	22,096	13,893	(30,113)	(14,034)	(4,331)	(12,489)
Designated fund	-	1,963	-	-	-	1,963
Revaluation reserve	23,158	-	-	-	-	23,158
Total funds	47,750	16,160	(30,113)	(14,034)	(4,331)	15,432

Charity

Restricted funds	2,496	304	-	-	-	2,800
General reserve	22,096	13,163	(26,996)	(14,013)	(4,331)	(10,081)
Designated fund	-	1,963	-	-	-	1,963
Revaluation reserve	23,158	-	-	-	-	23,158
Total funds	47,750	15,430	(26,996)	(14,013)	(4,331)	17,840

27. Leasing – Group and Charity

Total payments for operating leases for 2023-24 were £2,514,000 (2022-23: £2,157,000).

Future minimum lease payments under non-cancellable operating leases for each of the following periods are:

	2023-24 Land and buildings £000	2023-24 Vehicles and equipment £000	2023-24 Total £000	2022-23 Land and buildings £000	2022-23 Vehicles and equipment £000	2022-23 Total £000
Not later than one year	2,185	195	2,380	2,110	50	2,160
Later than one year and not later than five years	7,068	302	7,370	7,655	100	7,755
Later than five years	11,231	-	11,231	12,237	-	12,237
Total	20,484	497	20,981	22,002	150	22,152

28. Revaluation reserve – Group and Charity

	2023-24 £000	2022-23 £000
As at beginning of period	23,158	21,324
Revaluation and indexation of cost / valuation	(903)	2,073
Revaluation and indexation of accumulated depreciation	2,785	412
Gain on revaluation of fixed assets	1,882	2,485
Transfer of realised element of revaluation reserve to unrestricted reserve	(1,099)	(651)
As at end of period	23,941	23,158

29. Capital commitments – Group and Charity

HES has capital commitments in respect of developing a new heritage portal and a new online sales portal.

	2023-24 £000	2022-23 £000
Capital commitments due in:		
Less than one year	377	541
More than one year and less than five years	-	-
More than five years	-	-
Total	377	541

30. Financial instruments

As at 31 March 2024 the carrying value of financial instruments totalled:

	2023-24 Group £000	2023-24 Charity £000	2022-23 Group £000	2022-23 Charity £000
Assets measured at amortised costs	25,751	28,310	17,798	22,772
Liabilities measured at amortised costs	45,843	45,990	46,705	46,989

31. Contingent liabilities – Group and Charity

There are no contingent liabilities that required to be disclosed as at 31 March 2024 or as at 31 March 2023.

32. Events after the reporting period – Group and Charity

HES made the decision in June 2024 to stop the development of the Archive House as originally planned due to escalating costs and unachievable project timelines. This adjusting event after the reporting date resulted in impairment of assets under construction brought forward of £0.7 million and a further write-off of expenditure during year to 31 March 2024 of £1.3 million.

There were no other material events after the reporting period that require to be adjusted or disclosed in the financial statements.

Accounts direction Stiùireadh cunntais



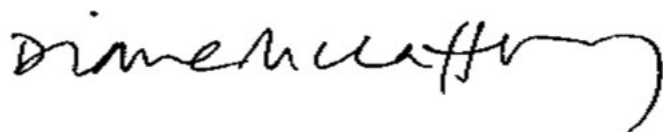
HISTORIC ENVIRONMENT SCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS

In accordance with Paragraph 13 of Schedule 1 of the Historic Environment Scotland Act 2014, The Scottish Ministers hereby give the following direction.

1. The statement of accounts for the financial year ended 31 March 2016, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRoM) and the Charities SORP which is in force for the year for which the statement of accounts are prepared.
2. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
3. This direction shall be reproduced as an appendix to the statement of accounts.

Signed by the authority of the Scottish Ministers



Deputy Director, Culture and Historic Environment Division

Dated: 29 September 2015

Historic Environment Scotland is the lead public body established to investigate, care for and promote Scotland's historic environment.

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Historic Environment Scotland
Longmore House, Salisbury Place
Edinburgh EH9 1SH

0131 668 8600
[historicenvironment.scot](https://www.historicenvironment.scot)

Historic Environment Scotland – Scottish Charity No. SC045925
Registered Address: Longmore House, Salisbury Place, Edinburgh EH9 1SH