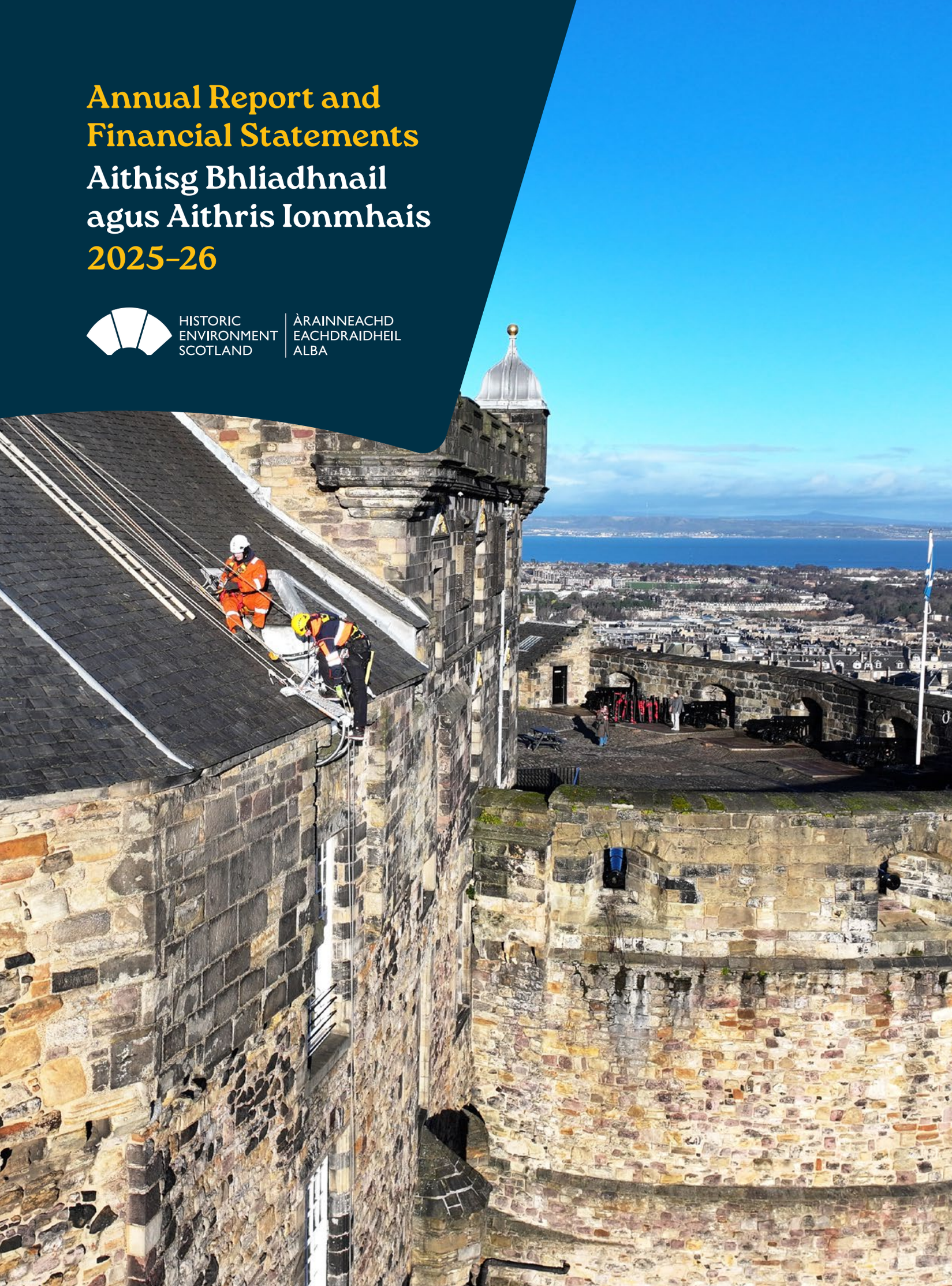
Annual Report and Financial Statements

Aithisg Bhliadhnail agus Aithris Ionmhais

2025–26

HISTORIC ENVIRONMENT SCOTLAND | ÀRAINNEACHD EACHDRAIDHEIL ALBA



Scottish Parliament laying reference: SG/2026/150

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Introduction
Ro-ràdh

I am pleased to introduce Historic Environment Scotland's Annual Report and Financial Statements for 2025-26.

This report reflects a year of important achievements alongside significant organisational challenges. Historic Environment Scotland (HES) continued to deliver for Scotland's historic and cultural heritage, welcoming 4.8 million visitors to our sites, increasing commercial income, investing in the conservation of the properties, collections and archives in our care, and contributing more than £1 billion to Scotland's economy. These achievements were only possible because of the dedication, professionalism and expertise of employees throughout the organisation.

At the same time, the year was marked by considerable scrutiny of our leadership, governance and organisational culture. The independent review of HES's culture, structure and functions highlighted areas where change is needed to ensure the organisation is equipped to meet future challenges and maintain public confidence. Addressing these findings is a key priority for the Board and Executive Leadership Team.

I accepted the role of Interim Chair because I believe strongly in the importance of HES's mission and in the value of its work for people and communities across the country. While many people know HES through the care of Scotland's most iconic historic places, our contribution is much broader. We support the conservation and sustainable management of the historic environment, help develop the skills needed to care for it, provide expert advice and regulatory services, invest in heritage led community projects, and enable people all over Scotland to engage with and learn from their heritage. At the heart of all this work is the expertise, commitment and passion of our staff. These skills, and our important responsibilities, must be matched by the highest standards of leadership and governance.

Over the coming year, our focus will be on the delivery of the improvements identified through the Organisational and Cultural Review, strengthening governance and accountability, and helping to build a positive organisational culture in which colleagues can thrive. This work will require openness, collaboration and a shared commitment to change across the organisation.

Alongside this, we will continue striving to meet the ambitions set out in our Corporate Plan 2025-28, *Heritage for All*. Scotland's historic environment makes a vital contribution to our communities, our economy, lifelong learning and our response to climate change. Protecting and promoting that heritage remains as important as ever.

I would like to thank our staff, volunteers, board members, partners and supporters for their continued commitment during a challenging period. By working together, I am confident that HES can build on its many strengths, deliver meaningful improvement, and continue to provide lasting benefits for people across Scotland.

Ronnie Hinds
Interim Chair, Historic Environment Scotland

Thank you to our supporters

We are grateful for the generosity of donors and supporters whose contributions help us care for and share Scotland's historic environment. Support is received through on-site and online donations, philanthropic trusts, personal gifts and legacy giving.

During the year, we saw continued interest from supporters considering gifts in wills, alongside donations from visitors who value the importance of our work.

We also thank the donors and trustees of the Historic Scotland Foundation for their continued support.

These donations support the conservation and sharing of Scotland's historic places, collections and archives. We value every supporter and remain committed to ethical fundraising, treating all donors fairly and with respect.

We thank all those who have chosen to support our work.



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2025-26 in numbers
2025-26 ann an àireamhan

Our carbon emissions are

32% lower

than 2018-19

2024-25: 24% lower than 2018-19



We welcomed

4.8 million

visitors to staffed sites

(2024-25: 4.7 million)

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We have

181,000 members

(2024-25: 188,000)

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We dealt with

95%

of regulatory activities* in stated timescales

(2024-25: 95%)

We invested

£10.8 million

through our grants programme

(2024-25: £12.4 million)

* Details of our regulatory activities can be found in our Regulatory Framework.



We engaged

118,000* people

through our learning programmes

(2024-25: 99,000)

We generated

£79.1 million

commercial income

(2024-25: £72.5 million)



We ensured an overall enjoyment score of

8.80

out of 10 in our visitor survey

(2024-25: 8.87 out of 10)



We invested

£41.3 million

on the conservation and maintenance of the properties, collections and archives in our care

(2024-25: £40.5 million)



We contributed

£1.052 billion

to Scotland's tourism GDP

(2024-25: £0.985 billion)

* Increase partly due to refinements to data recording in 2025-26.

Trustees' Annual Report
Aithisg Bhliadhnail Nan Urrasairean

Performance Report
Aithisg Air Dèanadas

Performance Overview
Sealladh farsaing air coileanadh

This section summarises HES's performance in 2025-26. It explains our purpose, priorities and outcomes, the wider contribution our work makes across Scotland and our overall performance against plan. It also highlights key financial information and the main risks we managed during the year.

Our purpose and vision

Our purpose is: to **investigate, care for and promote** Scotland's historic environment for the benefit of people and communities everywhere.

Our vision is: **Heritage for All.**

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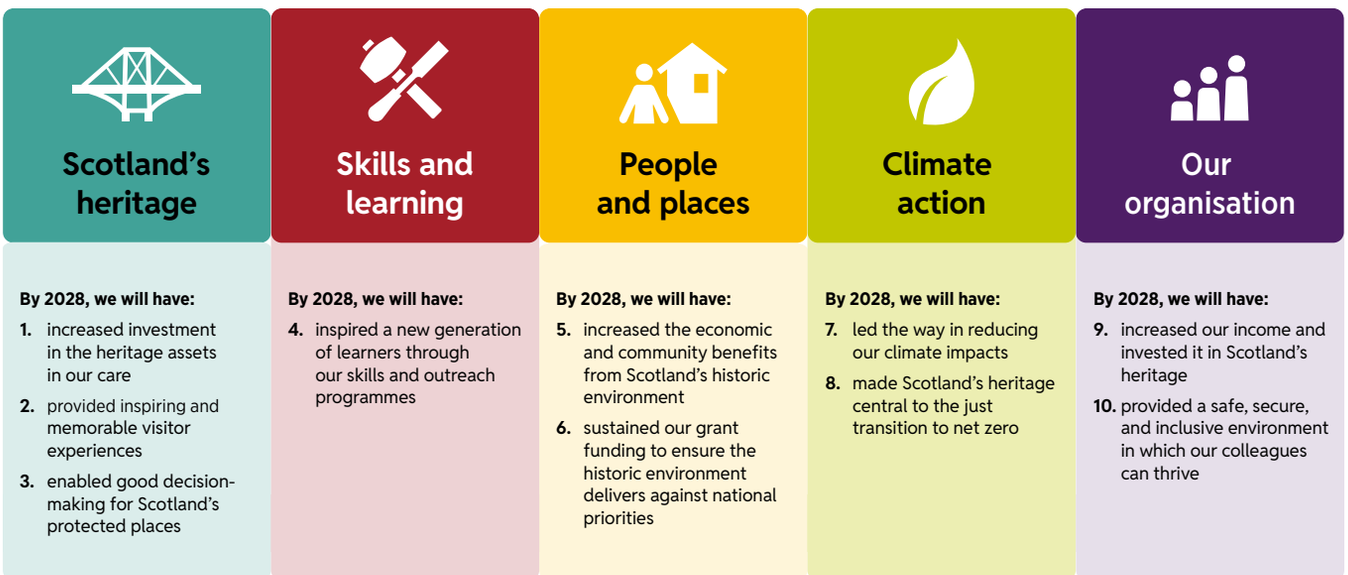
About Historic Environment Scotland

We are a public body and charity, with statutory functions to investigate, care for and promote Scotland's historic environment. We lead development and co-ordinate delivery of Scotland's national strategy for the historic environment. Our functions are set out in the Historic Environment Scotland Act 2014.

The work we do is as rich and varied as Scotland's history itself. We are:

- the **steward** of over 300 sites of national importance, over 47,000 collections objects and over five million physical and digital archival holdings
- the **regulator** for Scotland's historic environment, enabling change while protecting its cultural significance through designations and consents
- a **funder** of heritage activity in communities across Scotland
- an **advisor** to government, local authorities and property owners and managers
- **researchers** into Scotland's past and into how we can care for and promote the historic environment
- an **educator**, supporting skills development and learning initiatives across the country
- a **champion** for Scotland's historic environment and the benefits it creates.

Our priorities and outcomes



Our Corporate Plan 2025-28 enables the delivery of the national strategy for the historic environment, *Our Past, Our Future,* and contributes to the four priorities of the Scottish Government and the National Performance Framework.

Our Corporate Plan sets out five priorities and these guide what we will focus on over the three years of the plan. The Corporate Plan also sets out ten outcomes. These describe the change we want to achieve by delivering our priorities. Each outcome has a Key Performance Indicator (KPI) which we will use to measure success at the end of the plan period.

Our Operating Plan 2025-28 explains how we will deliver the priorities and outcomes in the Corporate Plan. It also includes annual milestones so we can track progress each year.

This Annual Report explains what we delivered in 2025-26, the first year of the Corporate Plan. It shows how our work supported our Corporate Plan outcomes and contributed to the National Outcomes in the Scottish Government's National Performance Framework.

We also publish more detailed performance reports, including the *Our Past, Our Future* Annual Report, the Properties in Care of Scottish Ministers Annual Report, the Planning Performance Report, Grants Funding Report and the Annual Procurement Report.



Supporting government policy and outcomes

Our work supports the Scottish Government's wider aim of building 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'*.

In 2025-26, our work contributed to the Scottish Government's Programme for Government and supported the National Performance Framework, which sets out the outcomes the Scottish Government wants to achieve for people in Scotland.

We do this by working with partners across the public, private and voluntary sectors. Together, we help deliver shared priorities and make sure Scotland's historic environment contributes to wider national goals.

The table on the right shows where our work makes the strongest contribution to the Scottish Government's National Outcomes.



National Outcomes	Scotland's heritage	Skills and learning	People and places	Climate action	Our 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	✓		✓		✓

Performance summary

2025-26 is the first year of our Corporate Plan 2025-28.

Progress towards our Corporate Plan outcomes is tracked using Key Performance Indicators and the completion of actions planned each year in our Operating Plan to enable delivery.

Corporate Plan KPIs: progress

Overview of performance against milestone targets for the first year of the Corporate Plan and progress towards our 3-year outcome targets.

Corporate Plan KPIs[1] By 31 March 2028 we will have:	2025-26 Milestone Target	2025-26 Actual	Progress Towards Outcome Target
1 Increased direct expenditure on conservation and maintenance of the properties, collections and archives in our care by 15% from £43 million to £50 million	£45.0 million	£41.3 million	**Not on track**
2 Maintained or improved high survey scores for visitor experience	8.5 out of 10	8.8 out of 10	**On track**
3 Updated the Historic Environment Policy for Scotland (HEPS)	Engagement completed	Engagement completed	**On track**
4a Increased the number of people we've trained by 10%	Baseline set	Baseline set in 2026-27[2]	**Not applicable**
4b Increased the number of people we've engaged through our learning programmes by 15% to 65,000	55,000	118,000	**On track**
5 Increased our contribution to Scotland's GDP by 10% from £1.0 billion to £1.1 billion	£1.039 billion	£1.052 billion	**On track**
6 Invested at least £40 million in local communities across Scotland through our grants schemes over 2025-26, 2026-27 and 2027-28	£13.5 million	£10.8 million	**Not on track**
7 Reduced our baseline greenhouse gas (GHG) emissions to 3,573 tCO_2e	3,993 tCO_2e	3,641 tCO_2e	**On track**
8 Increased the number of climate adaptation grants given out by HES by 15%	Baseline set	Metric under review	**Not applicable**
9 Generated additional funding from non-government sources (gross commercial income)[3] of at least 20%, from £73.5 million to £88.2 million	£78.3 million	£79.1 million	**On track**
10 Maintained or improved colleague engagement survey scores for each of the four pillars within our People Strategy	Maintained/ improved	Required scores not reached	**Not on track**

1 Baselines included in this column were set at Corporate Plan approval in quarter 4 of 2024-25, based on forecast results for the year.

2 Baseline established in 2026-27 of 2,172 for 2025-26. Progress will be determined once the first data point is confirmed in quarter 3 of 2026-27.

3 KPI wording from Corporate Plan amended to provide clarity on the measure and maintain consistency with the underlying figures.

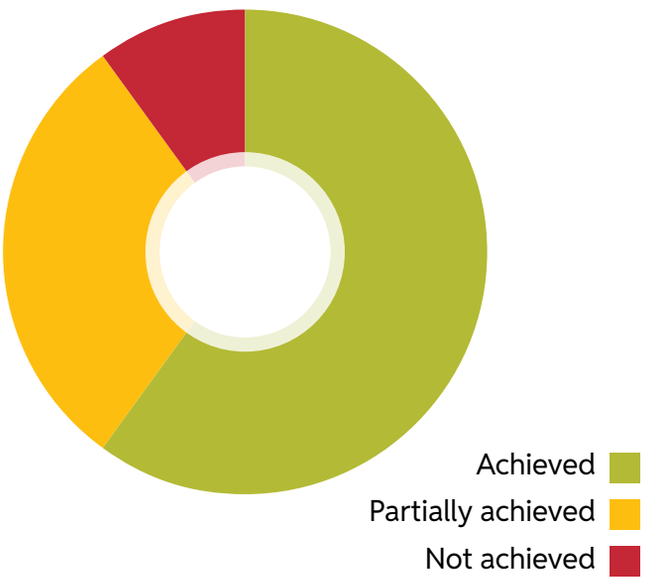
Operating Plan: progress

Overview of performance against 2025-26 Operating Plan actions towards delivery of our three-year Corporate Plan outcomes.

Despite a difficult year, we fully achieved 18 of the 30 actions in our 2025-26 Operating Plan. A further nine actions were partially achieved, and three were not achieved by the end of the year.

Progress has slightly declined compared to the prior year. Of the 27 deliverables in 2024-25, 20 were fully achieved, three were partially achieved and four were not achieved.

Operating Plan 2025–26 – actions



Outcome	Fully achieved actions 2025-26	Partially achieved actions 2025-26	Not achieved actions 2025-26	Total
Outcome 1 – Increased investment in the heritage assets in our care	2	–	2	4
Outcome 2 – Provided inspiring and memorable visitor experiences	1	–	–	1
Outcome 3 – Enabled good decision-making for Scotland's protected places	3	2	–	5
Outcome 4 – Inspired a new generation of learners through our skills and outreach programmes	2	–	–	2
Outcome 5 – Increased the economic and community benefits from Scotland's historic environment	5	2	1	8
Outcome 6 – Sustained our grant funding to ensure the historic environment delivers against national priorities	1	–	–	1
Outcome 7 – Led the way in reducing our climate impacts	1	1	–	2
Outcome 8 – Made Scotland's heritage central to the just transition to net zero	–	1	–	1
Outcome 9 – Increased our income and invested it in Scotland's heritage	3	1	–	4
Outcome 10 – Provided a safe, secure, and inclusive environment in which our colleagues can thrive	–	2	–	2
Total	**18**	**9**	**3**	**30**

Financial summary

HES remained financially stable in 2025–26. Income increased by 5%, driven by growth in commercial activity. Expenditure also increased, reflecting higher activity levels, ongoing investment and inflationary pressures. Spending stayed within Scottish Government budget limits.

Further detail is provided in the Financial review section on page 36.

Principal risks

This section sets out the most significant risks to delivering our strategic priorities.
For each risk, we explain:

- what the risk is;
- what could happen if the risk is not managed;
- what controls are already in place;
- what further action is underway;
- whether the risk is new, increasing, reducing or staying the same; and
- how serious the risk is assessed to be.

Risk	Mitigation action
1. Archive accommodation There is a risk that storage and operational accommodation results in potential loss or damage to HES archives.	**Already operational** 1. Oversight by the Heritage Assets Committee. 2. Policies, plans and procedures ensure standards of care appropriate for an Accredited Archive Service. 3. Interim accommodation solution secured through lease extension. **In progress** 4. Identification of a medium-term solution for archive accommodation. 5. Engagement with Scottish Government's Culture Cluster work on public services reform to identify opportunities for shared storage facilities. 6. Work to improve current storage conditions.
Risk change: Maintaining **Assessment:** Very high **Looking ahead:** The focus is on improving conditions for our archives in their current accommodation, and securing medium-term accommodation. For the long-term, we are working with Scottish Government on opportunities to share storage facilities with other culture public bodies which will help preserve the material for generations to come and support public services reform.	

Risk	Mitigation action
2. Strategic leadership and governance There is a risk that due to the continuing instability in leadership, constraints on strategic decision-making and engagement impact operational delivery, colleague wellbeing and reputation of the organisation.	**Already operational** 1. Oversight by the Board and engagement with Scottish Government Sponsorship team. 2. Corporate Plan 2025-28 providing clear strategic direction. 3. Interim Chief Executive appointed in August 2026. 4. Interim Chair appointed in July 2026. **In progress** 5. Board and Executive Leadership Team continue to work with Scottish Government to establish stable and effective leadership. 6. Address the findings of the Auditor General for Scotland's Section 22 Report and implement the recommendations of the 2024-25 annual external audit report. 7. Deliver the implementation plan to address the findings of the Organisational and Culture Review. 8. Work to review key internal policies.
Risk change: Maintaining **Assessment:** Very high **Looking ahead:** The priority is to continue to build trust through openness, accountability, and a shared sense of purpose. Our sponsorship team in Scottish Government has full oversight to maintain supervision at all times and we will implement the plan to address the findings of the Organisational and Cultural Review.	

Risk	Mitigation action
3. People and culture There is a risk that if we don't resource, retain, support and develop our colleagues appropriately, our ability to deliver our Corporate Plan, Operating Plan, or other essential requirements (including legislative requirements) will be impacted.	**Already operational** 1. Oversight by the People Committee. 2. Strategies, policies, plans and procedures to support our people. 3. Training and support throughout the employment lifecycle. 4. Monitoring and reporting on employee experience. **In progress** 5. Implementation of our People Strategy. 6. Work to address the findings of the latest Wellbeing Pulse Survey and wider colleague engagement. 7. Implementation of recommendations from the Diversity Scotland Equality Audit (Maturity Model).
Risk change: Maintaining **Assessment:** Very high **Looking ahead:** In the short term, we are focusing on enhanced engagement, openness and learning. Our Wellbeing Pulse Survey and wider engagement and the findings from our Equality Audit have highlighted key areas for improvement. For the medium to long term we continue to implement our People Strategy to ensure we provide a safe, secure and inclusive workplace.	

Principal risks continued

Risk	Mitigation action
4. Cyber and information security HES is under increasing threat from cyber-attacks, including from legacy software, which could result in the loss of, or inability to access, corporate information and sensitive data and/or fraud.	**Already operational** 1. Oversight by Audit, Risk and Assurance Committee. 2. Cyber Essentials assessment. 3. Senior Information Risk Owner appointed and cyclical mandatory cyber security training and awareness for staff. 4. Policies, strategies and procedures in place to direct cyber and information security. **In progress** 5. Incident response testing. 6. Bespoke information security training for senior leaders. 7. Mandatory training for all staff. 8. ISO27001 benchmarking. 9. Reviewing technology to improve cyber security.
Risk change: Maintaining **Assessment:** Very high **Looking ahead:** Ongoing user training and vigilance along with policy and technical controls are essential to maintaining future cyber security in a continually evolving risk landscape.	

Risk	Mitigation action
5. 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 priorities.	**Already operational** 1. Oversight by '*Our Past, Our Future*' Steering Group. 2. Co-delivery of sector Skills Investment Plan and related action plans. 3. High-quality training provision in place at HES skills training centres and through training programmes. **In progress** 4. Scoping for Skills at Risk Register to support collective planning, prioritisation and advocacy. 5. Partnering with Scottish Canals on Scotland's Centre of Excellence for Canals and Traditional Skills.
Risk change: Maintaining **Assessment:** Very high **Looking ahead:** Ongoing delivery of the sector Skills Investment Plan to grow provision and build capacity, attract future talent and improve access, and foster innovation. The partnership project to build a Skills at Risk Register will help support collective planning, advocacy and prioritisation and the Centre of Excellence for Canals and Traditional Skills will focus on developing pathways into heritage skills training, volunteering and employment within the historic environment sector.	

Risk	Mitigation action
6. Health, fire and safety There is a risk that a health, fire, or safety incident or near miss detrimentally impacts the physical or mental wellbeing of colleagues, visitors and/ or stakeholders or materially impacts any physical asset(s) in our care.	**Already operational** 1. Oversight by Audit, Risk and Assurance Committee. 2. Policies and procedures are in place. 3. Information and training provided to ensure staff awareness and competence. **In progress** 4. Preparations for the Terrorism (Protection of Premises) Act 2025 (Martyn's Law) coming into force in Spring 2027. 5. Implementation of the health and safety improvement actions in our People Strategy Implementation Plan. 6. Implementation of an electronic governance system.
Risk change: Maintaining **Assessment:** High **Looking ahead:** Preparations for Martyn's Law coming into force are underway to strengthen security. A programme of work is also underway to identify a solution for a centralised health, safety and compliance governance system by 31 March 2027. The system will enable more effective and efficient monitoring and reporting. Programme governance has been established and work is underway on baseline compliance. The programme also includes a review of policies, procedures and guidance and implementation of a system to ensure they are fit for purpose.	

Risk	Mitigation action
7. Managing heritage assets Risks relating to the management of the properties and collections in our care leading to uncontrolled loss or damage to cultural assets, financial loss, legal penalties and reputational damage.	**Already operational** 1. Oversight by the Heritage Assets Committee. 2. Scheme of Delegation for Properties in Care and Associated Collections, supported by Asset Management and Investment Plans. **In progress** 3. Development of a long-term strategy for the properties and collections in our care. 4. Ongoing high-level masonry inspection and delivery of a prioritised programme of work across the properties in our care.
Risk change: Maintaining **Assessment:** High **Looking ahead:** Ongoing management of the assets in our care, including monitoring of high-level masonry. Implementation of a new electronic governance system will enhance compliance monitoring with solutions scheduled to be identified by 31 March 2027. Work is continuing to develop a long-term strategy for the properties and collections in our care with publication scheduled by 31 March 2027. The strategy aims to ensure sustainable and innovative management, maximising their contribution now and in future.	

Principal risks continued

Risk	Mitigation action
8. Climate change There is a risk that due to lack of strategic alignment, partnership working and investment in progressive technology, the organisation fails to adapt the historic environment to climate change. This can result in missed corporate and national targets, loss of the historic environment and wider operational, reputational and financial implications.	**Already operational** 1. Strategies, policies and plans enabling HES and the sector's contribution to national net zero targets and climate change adaptation. 2. Statutory planning role and responsibilities relating to changes to historic infrastructure set out in HES Regulatory Framework. **In progress** 3. Ongoing delivery of our Carbon Management Plan to reduce HES greenhouse gas emissions. 4. Development of a new Climate Action Strategy. 5. Construction of a new centre for innovation, education and training in the retrofit of traditional buildings and use of low carbon retrofit materials.
Risk change: Maintaining **Assessment:** High **Looking ahead:** Work to reduce HES emissions continues. We will also publish a new Climate Action Strategy to reposition HES in relation to climate change and create a new national centre to support decarbonisation of Scotland's historic environment. The new 'Retrofit Lab' will focus on developing solutions which are crucial for achieving net-zero goals, while maintaining the cultural significance of traditional buildings.	

Risk	Mitigation action
9. Reputation A poor reputation results in a negative perception of HES, reduced resources and support, reduced credibility of our high-profile, regulatory and associated work, reduced stakeholder engagement and poor outcomes for the historic environment.	**Already operational** 1. Oversight by the Board. 2. Policies and procedures in place related to ethical standards in public life. 3. Strategies and procedures in place related to stakeholder engagement and media management. **In progress** 4. Board and Executive Leadership Team continue to work with Scottish Government to establish stable and effective leadership. 5. Address the findings of the Auditor General for Scotland's Section 22 Report and implement the recommendations of the 2024-25 annual external audit report. 6. An implementation plan setting out our proposed approach and the framework to address the findings of the Organisational and Culture Review was presented to the Board in August 2026. 7. Work to review key internal policies and our external profile.
Risk change: Maintaining **Assessment:** High **Looking ahead:** Work is underway to establish stable and effective leadership as the priority and to take action to address the Audit General for Scotland's Section 22 Report and recommendations from the 2024-25 annual external audit report. This is supported by work to review key internal policies to ensure they provide a sound basis for conduct and decision-making and on our external profile to build trust and confidence in the organisation. We will implement the plan to address the findings of the Organisational and Cultural Review.	

Principal risks continued

Risk	Mitigation action
10. Financial risk 2026-29 Current financial projections coupled with the investment need across HES places considerable pressure on HES resources over the next three years which could lead to HES exceeding financial targets or requiring to take in-year action without appropriate financial planning and management.	**Already operational** 1. Oversight by the Finance Committee. 2. Scottish Government grant-in-aid and diversified funding model. 3. Strategies, budget planning and monitoring procedures in place. **In progress** 4. Delivery of annual efficiencies of 3% against operating expenditure to support financial sustainability and strategic investment. 5. Update of Commercial and Financial Strategies planned for 2026-27. 6. Development of a 5-10 year Investment Pipeline to support delivery of the Corporate Plan and commercial growth.
Risk change: New **Assessment:** High **Looking ahead:** Work is underway to mitigate this risk through a combination of efficiencies, income growth and prioritised investment planning to ensure we continue to deliver sustainable benefits for Scotland into the future.	



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Performance Analysis
Sgrùdadh air dèanadas

Performance against plan

This section gives more detail on how we performed against our Operating Plan in 2025-26.

It explains what we achieved, where we made partial progress, and where actions were not completed by the end of the year. It also explains why some actions were delayed or carried forward into 2026-27.

The results are grouped under the five priorities in our Corporate Plan:

- Scotland's heritage
- Skills and learning
- People and places
- Climate action
- Our organisation.

For each action, we show:

- the action we committed to;
- what we aimed to achieve in Year 1 of our Operating Plan;
- whether the action was fully achieved, partially achieved or not achieved; and
- a short explanation of the result.



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Scotland's Heritage PERFORMANCE RESULTS (10 Actions)		
Outcome 1: Increased investment in the heritage assets in our care (4 Actions)		
Operating Plan Action	**What we aimed to achieve in 2025-26**	**Result and explanation**
Estate Management – 1.1 Deliver a prioritised and coordinated programme of work at the properties in our care each year to ensure effective and efficient day to day operation and management.	Delivered 80% or more of funded Estate Plan work categorised as 'High Priority' by 31 March 2026.	**Fully achieved** 92% of funded Estate Plan work categorised as 'High Priority' was delivered by 31 March 2026. This is based on total 'High Priority' activities in the HES digital estate planning system with approved budget marked as 'Complete' or 'In Progress' at year end. The figure of 92% includes completed activities and those which are multi-year and cyclical/ongoing in nature, i.e. delivery is underway but there is no defined end to this activity. The rate of absolute completion is 88% for all activities.
Edinburgh Castle – 1.2 Publish a high-level strategic plan for Edinburgh Castle to deliver sustainable benefits for HES and Scotland by 31 March 2026.	Published a high-level strategic plan for Edinburgh Castle by 31 March 2026.	**Not achieved** Due to changes in prioritisation no resource was allocated to this action. It has been carried forward into the Year 2 (2026-27) Operating Plan.
Properties in Care (PIC) and Collections Strategy – 1.3 Publish a long-term strategy and implementation plan for the properties and collections in our care to support prioritisation of activity and strategic investment by 31 March 2028.	Concluded the public consultation for our PIC and Collections Strategy by 31 March 2026.	**Fully achieved** The public consultation for the new long-term Properties and Collections Strategy: Towards Sustainable Stewardship closed in January 2026.

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Performance analysis continued

Scotland's Heritage PERFORMANCE RESULTS (10 Actions)		
Outcome 1: continued		
Operating Plan Action	**What we aimed to achieve in 2025-26**	**Result and explanation**
Archive Service – 1.4 Move our archives to a new management and storage accommodation facility to help preserve the material for generations to come by 1 October 2029.	Agreed a long-term solution for our archive accommodation by 31 March 2026.	**Not achieved** At this stage a long term solution has not been agreed as a solution has not yet been determined. A design concept, HES Vaults, was considered by the Board but significant Scottish Government funding would be needed which would only be available through the Culture Cluster pipeline. Due to the timescales associated with the pipeline an interim solution will be required. This has been carried forward into the Year 2 (2026-27) Operating Plan.
Outcome 2: Provided inspiring and memorable visitor experiences (1 Action)		
Operating Plan Action	**What we aimed to achieve in 2025-26**	**Result and explanation**
Visitor Experience – 2.1 Deliver our Visitor Experience Strategy to enhance visitor experience at key sites by 31 March 2028.	Maintained or improved survey scores for visitor experience of at least 8.5 by 31 March 2026.	**Fully achieved** An overall enjoyment score average of 8.8 out of 10 was achieved in 2025-26 (2024-25: 8.87 out of 10).
Outcome 3: Enabled good decision-making for Scotland's protected places (5 Actions)		
Operating Plan Action	**What we aimed to achieve in 2025-26**	**Result and explanation**
Historic Environment Policy – 3.1 Update the Historic Environment Policy for Scotland to enable good decision-making for Scotland's protected places by 31 March 2027.	Completed public engagement and report produced by 31 March 2026	**Fully achieved** Public engagement was completed and the Talking About Heritage Conversations 2025-26 report published by 31 March 2026. 6,328 participants took part representing communities across Scotland, ranging in age and background.

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Scotland's Heritage PERFORMANCE RESULTS (10 Actions)		
Outcome 3: continued		
Operating Plan Action	**What we aimed to achieve in 2025-26**	**Result and explanation**
Research – 3.2 Develop and deliver our Research Strategy 2026-29, to address our priority evidence needs by 31 March 2029.	Updated and published our Research Strategy 2026-29 by 31 March 2026.	**Partially achieved** The new Research Strategy was written and shared for Executive Leadership Team approval in February 2026. The Executive Leadership Team have deferred publication pending the implementation planning for the Organisational and Culture Review findings.
Planning Authority Training – 3.3 Develop and deliver sector-leading training to support planners based in local authorities handling of historic environment cases by 31 March 2028.	Planned the development of a sector-leading training programme for planners based in local authorities and released one or more modules by 31 December 2025.	**Fully achieved** Module 1 was rolled out onto an internal learning platform by 31 December 2025. Further external testing is now taking place.
trove.scot – 3.4 Continue to improve trove.scot to ensure more people can access the records and information we hold about Scotland's historic environment by 31 March 2028.	Implemented trove.scot continuous improvement plan by 31 March 2026.	**Fully achieved** The trove.scot Continuous Improvement Plan was completed by the end of December 2025 and encompasses calendar year 2026. Implementation commenced during Quarter 4 2025-26.
Information and Data – 3.5 Implement our Information Management and Data Strategy to ensure our decision-making is informed by trusted information and data by 31 March 2028.	Implemented 80% or more of Year 1 actions in our Information Management and Data Strategy Implementation Plan by 31 March 2026.	**Partially achieved** 63% (5 of 8) Year 1 actions in the Information Management and Data Strategy Implementation Plan were completed by 31 March 2026.

Performance analysis continued

Skills and Learning PERFORMANCE RESULTS (2 Actions)		
Outcome 4: Inspired a new generation of learners through our skills and outreach programmes (2 Actions)		
Operating Plan Action	**What we aimed to achieve in 2025-26**	**Result and explanation**
Skills – 4.1 Work with our partners each year to deliver the historic environment Skills Investment Plan 2024-29 to grow provision, attract future talent, improve access, and foster innovation.	Delivered 75% or more of Skills Investment Plan actions planned for 2025-26 by 31 March 2026.	**Fully achieved** 78% of actions were either complete or on track for completion at 31 March 2026.
Outreach and Learning – 4.2 Implement our outreach and learning framework Making Sense of Scotland (MSOS) each year to make Scotland's historic environment a valued national resource for lifelong learning.	Engaged over 55,000 learners and demonstrated diversity through delivery of 3 to 5 targeted projects with priority and new audiences by 31 March 2026.	**Fully achieved** Learners engaged – over 118,000. Diversity – More than five projects were delivered for priority audiences, including: • Schools Outreach: Castle Science • Heritage Remixed Youth Engagement Programme • Community Engagement • Equality and Inclusion

People and Places – PERFORMANCE RESULTS (9 Actions)

Outcome 5: Increased the economic and community benefits from Scotland's historic environment (8 Actions)

Operating Plan Action	What we aimed to achieve in 2025-26	Result and explanation
***Our Past, Our Future* – 5.1** Enable action, collaboration and reporting across the sector to drive progress each year towards the outcomes of *Our Past, Our Future,* the national strategy for Scotland's historic environment.	Published Year 2 report on *Our Past, Our Future* progress by September 2025.	**Fully achieved** Year 2 report on *Our Past, Our Future* was published in September 2025.
Economic Impact – 5.2 Develop and promote an economic framework and action plan to harness and enhance the local and national economic contribution of our operations by 31 March 2028.	Approved our Economic Framework and disseminated contents through appropriate routes, including an action plan which prioritises opportunities by 31 December 2025.	**Partially achieved** Whilst a draft Economic Framework was produced, the Executive Leadership Team have deferred review pending the implementation planning for the Organisational and Culture Review findings.
Communities – 5.3 Deliver our Communities Framework each year to help communities understand, promote, and develop the benefits of their heritage.	Delivered 70% or more of Communities Framework actions planned for 2025-26 by 31 March 2026.	**Fully achieved** 85% of 2025-26 actions were delivered by 31 March 2026.
Equalities – 5.4 Work with communities and partners each year to implement our Equality Outcomes Action Plan 2025-29 to promote social sustainability.	Delivered, or on track to deliver, at least 60% of Year 1 actions from the Equality Outcomes Action Plan 2025-29 by 31 March 2026.	**Fully achieved** Over 70% of Year 1 actions were delivered or on track by 31 March 2026.

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Performance analysis continued

People and Places – PERFORMANCE RESULTS (9 Actions)		
Outcome 5: continued		
Operating Plan Action	**What we aimed to achieve in 2025-26**	**Result and explanation**
User-Centred Services – 5.5 Continue to transform the way we work to ensure our services meet the needs of communities by 31 March 2028.	Approved a Digital Transformation Plan to harness new technology by 31 December 2025.	**Partially achieved** The Digital Blueprint was in place by 31 March 2026.
Intangible Cultural Heritage – 5.6 Work with national partners each year to deliver our Intangible Cultural Heritage Action Plan to develop support for intangible cultural heritage in Scotland by 31 March 2028.	Developed and published Intangible Cultural Heritage Action Plan by 31 March 2026.	**Fully achieved** The Executive Leadership Team approved the Action Plan in November 2025 and an intranet article to publicise this and to update staff was published in March 2026.
Gaelic – 5.7 Implement our Gaelic Language Plan 2023-26 and 2026-29 each year to support Gaelic language and culture.	Delivered 80% or more of actions planned for 2025-2026 by 31 March 2026.	**Fully achieved** 85% of 2025-26 actions were delivered by 31 March 2026.

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People and Places – PERFORMANCE RESULTS (9 Actions)		
Outcome 5: continued		
Operating Plan Action	**What we aimed to achieve in 2025-26**	**Result and explanation**
Branding and Profile – 5.8 Launch our new organisational brand to support marketing, communications and wider engagement on the value of the historic environment for everyone by 31 December 2025.	Agreed and implemented brand identity on all planned/ developed internal and external visual assets by 31 December 2025.	**Not achieved** New brand proposals were not endorsed and the project was paused pending review in quarter 2/quarter 3 2026-27.

Outcome 6: Sustained our grant funding to ensure the historic environment delivers against national priorities (1 Action)		
Operating Plan Action	**What we aimed to achieve in 2025-26**	**Result and explanation**
Grants and Funding – 6.1 Use our grant programmes each year to help people and organisations protect and promote Scotland's historic environment.	Published our annual Grants Funding Report highlighting the impact of our funding by 31 March 2026.	**Fully achieved** 2024-25 Grants Funding Report was published in June 2025.

Performance analysis continued

Climate Action – PERFORMANCE RESULTS (3 Actions)		
Outcome 7: Led the way in reducing our climate impacts (2 Actions)		
Operating Plan Action	**What we aimed to achieve in 2025-26**	**Result and explanation**
HES Emissions – 7.1 Deliver our Carbon Management Plan to reduce greenhouse gas (GHG) emissions by 33.6% (1,811 tCO_2e) against baseline (5,384 tCO_2e in 2018-19) by 31 March 2028.	Responsible for no more than 3,993 tonnes of GHG emissions (reduction of 26%/1,391 tCO_2e from baseline) from sources within our organisational boundary by 31 March 2026.	**Fully achieved** We were responsible for 3,641 tCO_2e from sources within our organisational boundary with 2025-26, which represents a 32% reduction from our 2018-19 baseline and comes in well within our target of 26%.
Climate Change Adaptation – 7.2 Re-assess our public body duties and reposition HES in relation to climate change through publishing and progressing delivery of our new Climate Action Strategy by 31 March 2028.	Developed and published our new 5-year Climate Action Strategy by 31 March 2026.	**Partially achieved** The Climate Action Strategy is in development but was not published by 31 March 2026. This is due to a range of dependencies, including the pre-election period and the Executive Leadership Team deferral of strategy approval pending the implementation planning for the Organisational and Culture Review findings.
Outcome 8: Made Scotland's heritage central to the just transition to net zero (1 Action)		
Operating Plan Action	**What we aimed to achieve in 2025-26**	**Result and explanation**
Retrofit – 8.1 Open a new centre for innovation, education and training in the retrofit of traditional buildings and the use of low carbon retrofit materials to support Scotland's net zero targets by 31 March 2027.	Commenced construction of 'Retrofit Lab' by 31 March 2026.	**Partially achieved** Planning permission was granted in May 2025 and building warrant secured in March 2026 but construction had not started.

Our organisation PERFORMANCE RESULTS (6 Actions)		
Outcome 9: Increased our income and invested it in Scotland's heritage (4 Actions)		
Operating Plan Action	**What we aimed to achieve in 2025-26**	**Result and explanation**
Income Growth – 9.1 Deliver annual commercial and philanthropic income growth of 6.5% and diversify our income sources to invest in our services, in particular in the properties in our care.	Delivered annual commercial and philanthropic income growth of 6.5% in line with budget and diversified our income sources to invest in our services, in particular in the properties in our care by 31 March 2026.	**Fully achieved** 9% year on year increase in income delivered by 31 March 2026.
Efficiency – 9.2 Deliver annual efficiencies of 3% against operating expenditure to support financial sustainability and strategic investment.	Delivered annual efficiencies of 3% or more (£1.2 million) against operational expenditure to support financial sustainability and strategic investment by 31 March 2026.	**Fully achieved** Around £1.3 million of efficiencies was delivered against operational expenditure by 31 March 2026. The efficiencies mainly relate to corporate support costs and have been achieved largely through procurement activity.
HES Property Portfolio – 9.3 Complete a property portfolio review of all HES property assets outside of the properties in our care to evaluate potential future needs and opportunities and deliver a Strategic Property Plan by 31 March 2027.	Completed property portfolio review by 31 March 2026.	**Fully achieved** Initial baseline of in-scope properties completed. Findings and report submitted to Chief Operating Officer on 31 March 2026.
HES Enterprises Business Plan – 9.4 Refine and implement our annual HES Enterprises Business Plan to deliver commercial income and revenue growth by 31 March 2028.	Published our new HES Enterprises Business Plan by 31 March 2026.	**Partially achieved** HES Enterprises Business Plan 2026-27 was drafted by 31 March 2026 for HES Enterprises Board approval in May 2026.

Performance analysis continued

Our organisation PERFORMANCE RESULTS (6 Actions)		
Outcome 10: Provided a safe, secure, and inclusive environment in which our colleagues can thrive (2 Actions)		
Operating Plan Action	**What we aimed to achieve in 2025-26**	**Result and explanation**
Health, Safety and Compliance – 10.1 Implement an effective electronic governance system to manage the risks associated with occupational health, safety, fire and physical security by 31 March 2027.	Fully scoped requirements for electronic health, safety and compliance governance system by 31 March 2026.	**Partially achieved** Preparatory work was undertaken to inform prioritisation that allowed scoping to take place. Scoping is underway.
People Strategy – 10.2 Implement our People Strategy 2025-30 with a focus on each of the 4 pillars to create a safe, secure and inclusive culture in which our colleagues can thrive by 31 March 2030.	Delivered 80% or more of the Year 1 People Strategy Implementation Plan by 31 March 2026.	**Partially achieved** 73% of actions in the Year 1 People Strategy Implementation Plan were completed by 31 March 2026.

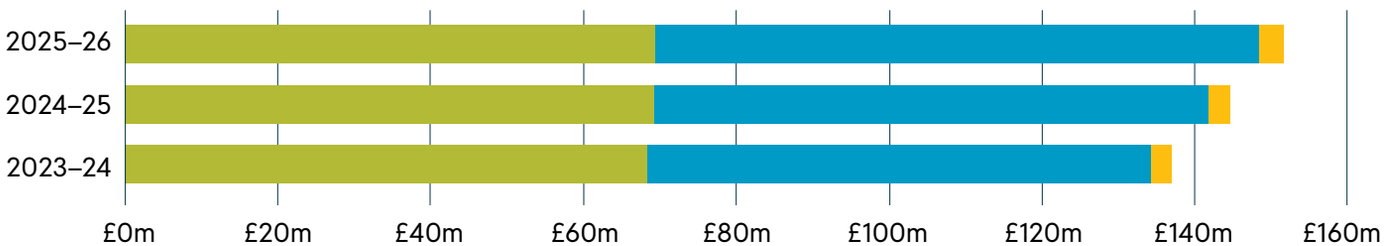

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Performance analysis continued

Financial review

This section explains HES's financial performance and position in more detail. It covers the main changes in income and expenditure during 2025-26, performance against Scottish Government budget limits, and how the results are presented in the financial statements.

Our income

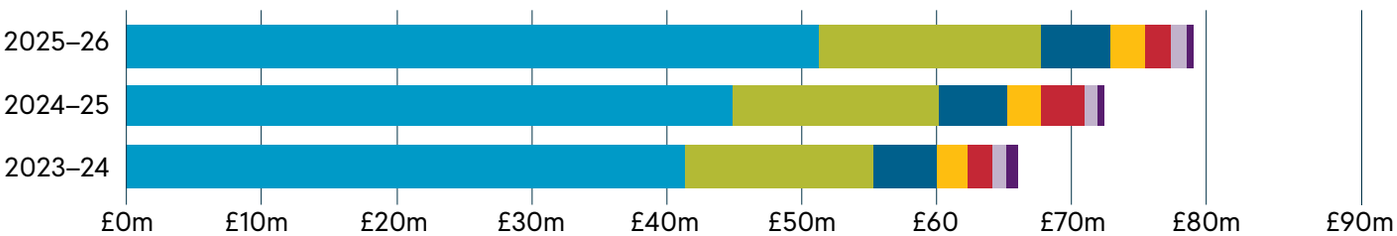


Our total income was £151.6 million for 2025-26 compared with £144.6 million for 2024-25. This reflects continued growth in commercial activity.

- Scottish Government grant in aid was consistent year on year, with a reduction in our revenue budget being offset by an increase in capital budget.
- Commercial income was £79.1 million (2024-25: £72.5 million), with strong growth in admissions and retail. In the financial statements, commercial income is reported as either income from charitable activities (note 3 to the financial statements) or income from trading activities (note 4), in line with the Charities Statement of Recommended Practice (Charities SORP).



Commercial income

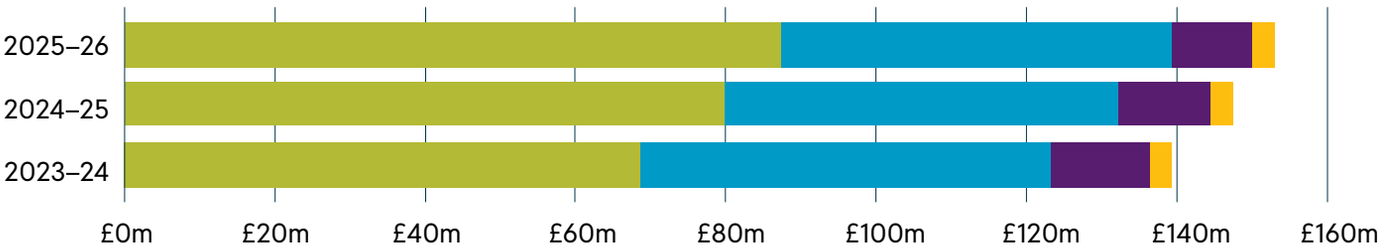


- Income from charitable activities (note 3) was £60.1 million (2024-25: £53.1 million). This includes admissions, memberships and other activity directly linked to our charitable purpose. Visitor numbers increased from 4.7 million in 2024-25 to 4.8 million in 2025-26, and admissions income increased from £44.9 million to £51.3 million. Membership income also rose slightly from £5.1 million to £5.2 million.
- Income from trading activities (note 4) was £21.3 million (2024-25: £21.4 million). These are activities carried out to generate funds for our charitable work but which are not charitable activities in themselves. They include retail sales at our sites and online, sales of digital images, and income from events.

- Admissions
- Retail and catering
- Memberships
- Events and venue hire
- Imaging sales – trading
- Audio tours
- Other – trading

Performance analysis continued

Our expenditure



Our total expenditure was £156.1 million for 2025-26 compared with £142.2 million for 2024-25. The increase reflects higher levels of activity, continued investment in our estate and services, and the effect of inflationary pressures.

- Expenditure on charitable activities (note 7) was £120.5 million (2024-25: £115.2 million). This includes a broad range of activity, including conservation, visitor operations and regulatory work.
- Expenditure on raising funds (note 6) was £18.9 million (2024-25: £17.0 million). This includes the cost of retail and other income-generating activity that does not arise directly from charitable operations.
- Expenditure on grants (note 8) was £16.7 million (2024-25: £10.0 million). Under the Charities SORP, grant expenditure is recognised in full when a grant offer is made. As a result, grant expenditure reported in the financial statements can differ from the amount invested from current-year Scottish Government funding. In 2025-26, grants invested from current-year funding were £10.8 million (2024-25: £12.4 million).
- Support costs (note 9) were £25.1 million (2024-25: £23.8 million). These costs are allocated across expenditure on raising funds, charitable activities and grants within the statement of financial activities.

Staff costs, as set out in the Remuneration and Staff Report, were £87.5 million compared with £80 million for 2024-25. The increase was mainly due to a 4% pay award which was in line with Scottish Ministers' pay policy, as well as a £2.2 million rise in employer National Insurance costs.

We invested £24.8 million through our Investment Plan over 2023-26 to improve the condition of our sites, enhance visitor experience and support other corporate priorities.

Investment plan	2023-24 £m	2024-25 £m	2025-26 £m	Total £m
Site condition	6.4	3.5	2.4	12.3
Visitor experience	0.2	0.3	1.7	2.2
Corporate systems and other corporate priorities	4.0	3.8	2.5	10.3
Total	**10.6**	**7.6**	**6.6**	**24.8**

Outturn against Scottish Government budget limits

The Scottish Government allocates HES an annual budget based on expenditure net of the commercial income we generate. This budget covers revenue and capital expenditure, together with non-cash costs such as depreciation and annually managed expenditure for specific items such as movements 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 expenditure	59.2	0.1	59.3	59.3	–
Capital expenditure	10.0	–	10.0	10.0	–
Sub-total: cash	**69.2**	**0.1**	**69.3**	**69.3**	**0.0**
Non-cash	5.0	–	5.0	3.0	2.0
Annually managed expenditure	–	0.3	0.3	–	0.3
Sub-total: non-cash	**5.0**	**0.3**	**5.3**	**3.0**	**2.3**
Total	**74.2**	**0.4**	**74.6**	**72.3**	**2.3**

Performance analysis continued

Reconciliation between reporting as an NDPB and as a charity

Our financial statements are prepared in accordance with the Government Financial Reporting Manual (FReM) and the Charities SORP, in line with the direction from Scottish Ministers.

There are some differences between the way performance is reported to the Scottish Government as a non-departmental public body and the way it is presented in our financial statements under the Charities SORP. The main differences relate to the timing of grant recognition, the treatment of capital expenditure, and the funding of non-cash depreciation costs.

	2025-26 £m	2024-25 £m
Outturn against Scottish Government budget limits	**2.3**	**2.3**
Adjustments:		
Difference between grants offered in-year and grants invested	(4.9)	3.3
Capitalisation of tangible fixed assets	2.8	2.9
Scottish Government non-cash allocation	(5.3)	(5.0)
Transfer from designated funds	–	(1.2)
Other adjustments	0.6	0.1
Net (expenditure)/income per the financial statements	**(4.5)**	**2.4**

Our financial position

As a public body, HES is limited in its ability to build up unrestricted reserves. The group balance sheet shows unrestricted funds of £26.8 million at 31 March 2026, compared with £26.5 million as at 31 March 2025. However this includes substantial fixed assets which are not available to fund day-to-day operations.

Our general reserves were negative £26.6 million (2024-25: negative £21.9 million). This reflects a timing difference between grant income received and grant liabilities recognised. Scottish Government grant in aid is drawn down as needed and recognised when received, while grant expenditure is recognised when commitments are made. HES therefore needs to commit to grants on a longer-term basis so that recipients can plan and deliver their projects, even though the related funding is drawn down over time.

This means we rely on future Scottish Government funding to meet grant liabilities as they fall due. Excluding future grant commitments for work not yet undertaken by recipients, general reserves were negative £8.6 million (2024-25: negative £9.0 million). Excluding all grant liabilities, general reserves were positive £7.1 million (2024-25: positive £6.7 million).

General reserves	**2025-26 £m**	**2024-25 £m**
Unrestricted funds	26.8	26.5
Less unrestricted fixed assets	(52.7)	(47.7)
Less designated funds	(0.7)	(0.7)
General reserves	**(26.6)**	**(21.9)**
Exclude future grant commitments	18.0	12.9
General reserves excluding future grant commitments	**(8.6)**	**(9.0)**
Exclude grants accruals and retentions	15.7	15.8
General reserves excluding total grant liabilities	**7.1**	**6.7**

Performance analysis continued

Going concern

HES depends on continued funding from the Scottish Government, and there is no indication that this funding policy will change.

The Board and Accountable Officer have reviewed the latest financial projections, including expected government funding and commercial income. They are satisfied that HES can continue to prepare its financial statements on a going concern basis.

Fixed assets

HES is responsible for more than 300 archaeological and historic sites across Scotland that are in the care of Scottish Ministers. These properties in care are not valued in the balance sheet, except for parts used to generate income or for other non-heritage purposes. The Board and Accountable Officer believe that a reliable and materially accurate valuation cannot be obtained because the sites are so diverse and unique.

The land, buildings and dwellings that are recognised on our balance sheet are revalued each year, either through formal valuation or indexation. The revaluation reserve increased from £24.7 million at 31 March 2025 to £29.0 million at 31 March 2026.

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

Restricted reserves were £3.2 million at 31 March 2026 compared with £2.8 million as at 31 March 2025. Of this, £2.3 million (2024-25: £2.4 million) relates to Heritage Lottery Fund grants received for the Engine Shed. This amount will be released to unrestricted reserves over time, in line with depreciation of the building. The remaining restricted reserves relate mainly to unspent restricted grant income and were £0.8 million at 31 March 2026 (2024-25: £0.4 million).

Designated funds

HES established a £2.0 million designated fund at 31 March 2021 to support conservation of properties in care. The fund was not utilised during 2025-26 (2024-25: £1.2 million drawdown). The remaining balance will be used as required over the next few years.

Supplier payment performance

HES's standard supplier payment terms are generally 30 days. However, we follow the Scottish Government target to pay invoices within 10 working days of receiving them. In 2025-26, we paid 91% of invoices within 10 working days, compared with 88% in 2024-25. We paid 97% within 30 days, compared with 95% in 2024-25.

Grants policy

On behalf of the Scottish Government, HES grant aids projects that promote and protect the historic environment and relate to Scotland's tangible and intangible heritage.

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.

Our Grants Funding Report provides further information on how Historic Environment Scotland spends its grants funding. A snapshot is provided on the next page.

Snapshot from Grants Funding Report 2025-26

We spent **£10.77m**

We were asked for **£49.4m**

We supported **7,781** volunteers in the historic environment

42.25% of our funding goes to areas influenced by deprivation

We have committed to spend at least **£33m** in investment to Scotland s historic environment over the next five years

Every £1 of HES funding supports another **£5.94** of spending in the historic environment

Our team spent **4.5 months** on sites across Scotland

South Ayrshire received **£13.13** per head of population from us

A **third** of Scottish local authorities did not access our funding

28 enquiries for funding were believed to be AI-generated



40% of our funding goes to **urban areas**, **24%** to **rural areas** and **10%** to **islands**

100% funded scheme will go live in 2026-27

We spent **£1.95** on heritage for each person in Scotland

81% of applications had a climate change focus



© Julie Howden

Plans for future periods

Our Operating Plan 2025-28 sets out a roadmap for how we will deliver the vision, priorities and outcomes of the Corporate Plan 2025-28. It runs for the full three years of the Corporate Plan and will be reviewed and updated as needed every year.

The actions set out in our Operating Plan guide delivery at directorate, team and programme and project levels. Colleagues throughout the organisation then use this Plan, along with the Corporate Plan, to set goals for the year ahead.

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

- Organisational effectiveness – an independent review of the culture, structure and functions has concluded and the Board has accepted its findings and 30 recommendations in full. An implementation plan setting out our proposed approach and the framework to address the findings of the Organisational and Culture Review was presented to the Board in August 2026. One of the recommendations relates to more clearly aligning high-level corporate plan outcomes to key HES activities and functions.
- Financial sustainability – we have adapted our business model to improve our financial sustainability and will review our financial and commercial strategies in 2026-27.
- 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 – this includes strategic workforce planning to enable us to attract and retain the skilled workforce we need to deliver our Corporate Plan.
- Data and digital transformation – we are modernising how we work by adopting digital tools and technologies, in alignment with the Digital Strategy for Scotland. This includes improving how we collect, manage and use data, as well as exploring the potential of artificial intelligence to become a more data-informed and efficient organisation.

Performance analysis continued

Sustainability Report

This Sustainability Report provides an overview of HES 2025-26 activities and performance against our climate targets, fulfilling our commitment as a public body in providing transparent and accurate information in sustainability reporting.

Task Force on Climate-related Financial Disclosures (TCFD)

HES has reported on mandatory climate-related disclosures consistent with Scottish Government's TCFD-aligned sustainability disclosure application guidance, which interprets and adapts the framework for the Scottish public sector. HES considers climate change to be a principal risk, and has therefore partially complied with TCFD phases 1 to 3 recommendations as follows:

- Governance – recommended disclosures (a) and (b)
- Risk management – recommended disclosures (a) to (c)
- Metrics and targets – recommended disclosures (a) to (c)
- Strategy – recommended disclosures (a) to (c) – all partial – we have not described specific climate-related issues arising in each time horizon; the impact of climate-related issues on HES's financial performance; or resilience of our strategies against emissions scenarios.

HES has set out its existing approach to risk management through its corporate risk management policy and the adaptation plan Climate Ready HES. HES plans to provide Strategy a) to c) recommended disclosures in line with its upcoming review of *Climate Ready HES* and its publication of the forthcoming Climate Action Strategy.

Governance

Our historic environment is on the front line of climate change. We need to take significant and urgent global climate action now to protect our past for the future.

We share the Scottish Government's vision of a Scotland that plays its part in mitigating global climate change by becoming net zero by 2045 – and which is resilient and adaptable to its impacts. As a 'Major Player' public body, we have a role in helping to achieve these goals. Climate action is therefore identified as a Priority in our Corporate Plan.

To support our Board in its overall responsibility for climate change, our governance centres around our regular cycle of Climate Action Plans. Our Climate Action Plan 2020-25 detailed our climate action ambitions for the historic environment with its delivery overseen by the Climate Action Plan Governance Board chaired by the Chief Executive and including all Executive Leadership Team members, with the Climate Change Team providing secretariat, acting as the main vehicle through which the Executive Leadership Team managed climate-related issues. The governance of climate-related issues going forward is being reviewed alongside the development of our next Climate Action Strategy but the existing framework includes Risk management processes described below.

Climate action delivery is coordinated and supported by our Climate Change Team. The Head of Climate Change leads this team and is responsible for compliance with the Public Bodies Climate Change Duties and reports to the Director of Cultural Assets, who has director-level oversight of HES's delivery against climate action. Several delivery plans detailing how we will achieve actions outlined in our Climate Action Plan have been agreed in the last few years, including our Waste and Resources Plan, our Responsible Tourism Framework and our

adaptation plan Climate Ready HES. Currently our Sustainable Travel Strategy, Carbon Management Plan and Circular Economy Plan are in development.

We have developed our next Climate Action Strategy for 2026-31 as committed to in our Operating Plan 2025-28 and intend to publish the strategy in the autumn of 2026. The Strategy has considered the new statutory guidance published to support the Public Bodies Climate Change Duties and sets out our high-level climate change priorities across a range of HES's functions. This strategy has been developed through co-production with staff across the organisation, including representatives of our Board and Executive Leadership Team, and drawing on insights from a select group of external stakeholders.

Our Operating Plan includes our carbon budget for the plan period in support of our work towards net zero. This recognises that the cost of operations and the resources required to deliver our outcomes are measured not just in financial terms but also in emissions. At this time our carbon budget comprises emissions directly linked to our operations. We are working to expand this to include supply chain emissions and visitor travel once we have sufficient confidence in the data. We also undertake strategic environmental assessments on every qualifying plan, programme and strategy, seeking to avoid adverse impacts and enhance positive environmental outcomes. Climate change risk management arrangements are discussed under Risk managementon the next page.

Climate change considerations are built into business case development for new projects, and papers provided to the Executive Leadership Team are required to set out how operations and service delivery considers climate change, referring to the Climate Change (Scotland) Act 2009.

Metrics and targets

Our Corporate Plan identifies Climate Action as a Priority, which is focused on two Outcomes: Outcome 7 – we will have led the way in reducing our climate impacts and Outcome 8 – made Scotland's heritage central to the just transition to net zero. These two outcomes are each measured by a Key Performance Indicator:

- By March 2028, we have reduced our baseline greenhouse gas (GHG) emissions to 3,573 tonnes. This aligns with our adherence to the Scottish Government's net zero by 2045 commitment.
- By March 2028, we have increased the number of climate adaptation grants given by HES by 15% (with a baseline being established in 2025-26). Work is underway on an alternative metric in recognition of better data becoming available through the development of more sophisticated tracking. This aligns with the Scottish National Adaptation Plan (SNAP3) commitments.

Our Operating Plan 2025-28 outlines three key actions we will take to deliver these outcomes:

- HES Emissions: Deliver our Carbon Management Plan to reduce greenhouse gas emissions by 31 March 2028.
- Climate Change Adaptation: Re-assess our public body duties and reposition HES in relation to climate change through publishing and progressing delivery of our new Climate Action Strategy by 31 March 2028.
- Retrofit: Open a new centre for innovation, education, and training in the retrofit of traditional buildings and the use of low carbon retrofit materials to support Scotland's net zero targets by 31 March 2027.

The Performance against our Climate Action Plan targets section on page 55 includes our disclosure of our performance against the key metrics we use to measure and manage climate-related issues. This includes disclosure

Performance analysis continued

of Scope 1, Scope 2, and Scope 3 emissions which are measured in line with the GHG protocol guidance, and progress against our net zero targets. The KPIs within our Corporate Plan and actions within our Operating Plan are used to determine our performance against targets in the short-term and escalate immediate risks and opportunities related to delivery to our Executive Leadership Team as a result. Operating Plan progress is reported to Executive Leadership Team and the Board every quarter and progress towards Corporate Plan KPIs is reported to Executive Leadership Team and the Board every 6 months. Additionally, our annual climate change report to the Scottish Government required under the Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2015 acts as a reporting mechanism on our annual progress.

For broader sector emissions, Outcome 1 under Priority 1 of *Our Past, Our Future*: the strategy for Scotland's Historic Environment, is "Reduced emissions from the historic environment" with success measures set out in the Our Past, Our Future – Summary Baseline Report 2024, support and leadership from HES, and progress reported in the *Our Past, Our Future* Annual Reports.

Risk management

Identifying and assessing climate-related risks

We undertook internal engagement in 2019 to determine climate-related risks faced by HES to inform and make up our adaptation plan *Climate Ready HES*. This assessment was informed by tools and guidance developed by Adaptation Scotland, including the Adaptation Capability Framework and the Strategic Climate Change Risk Assessment tool. It did not consider risks under any specific climate scenario; however, it recommended that we develop climate scenarios to stress-test decisions and explore the use of more quantitative future scenarios, such as the Network for Greening the Financial System's Climate Scenarios or the UK Socioeconomic Scenarios hosted by the UK Climate Resilience Programme. This work has yet to be undertaken but will be considered in our upcoming review of our adaptation plan in 2027-28.

Our updated Risk Management Strategy also sets out an action for us to consider and test the value of introducing risk impact scoring categories related to environment/climate.



Managing climate-related risks

HES has a well-established risk management framework as set out on page 69 and climate-related risks are managed as part of this overall risk management framework. We identify and manage climate-related risks for both our own operations and for the wider historic environment as part of our role as the lead public body for the historic environment and in supporting *Our Past, Our Future*, the Historic Environment Strategy for Scotland.

Risk registers are reviewed quarterly to ensure any emerging risks are captured and existing risks are still up to date. The Board and Audit, Risk, and Assurance Committee receive regular updates on the management of all risks, including standalone climate risks and those that have climate as a component.

HES recognises climate change as a principal risk as set out in the principal risks section on page 16. Risks are managed at various levels: the Climate Change Team holds a risk register for operational risk, the Head of Climate Change as risk owner then escalates strategic risks to the Directorate Risk Register, and significant risks are then escalated to the organisation's Corporate Risk Register. As set out as an action within the Risk Management Strategy, indicative risk impact scoring for environment and climate action impact scoring has been developed and will be implemented, subject to approval. Climate risk has also been mainstreamed through the risk management process and climate change is explicitly referenced in the Board's risk appetite statements as well as our guidance on identifying risks.

Strategy

Climate-related risks for HES

HES's Corporate Risk Register includes two high-level significant climate-related risks which relate to:

- The impact of climate and environmental change as one factor that could lead to or exacerbate the loss of Properties in Care as cultural assets, and
- the long-term shift in the environment and weather conditions as a result of climate change having significant ramifications in the context of cultural heritage stewardship whereby HES, as the lead body in heritage and cultural management, fails to adapt the historic environment leading to its loss or deterioration.

Relevant risks are also included in Directorate Risk Registers, from which critical risks are escalated to the Corporate Risk Register.

We have identified that *Climate Ready HES*, the adaptation plan for the organisation, should act as the main vehicle for complying with these disclosures. However, *Climate Ready HES* was published in 2021 and does not account for the specific requirements under the strategy disclosures, including setting out quantified financial impacts resulting from climate-related issues and exploring different climate-related scenarios in relation to HES's resilience. To address these gaps, the Climate Change team intends to review *Climate Ready HES* by the end of 2027-28, sequenced after the Climate Change Risk Assessment for Properties in Care update has been completed, and implement updates to ensure compliance with these disclosures. This will require working across teams to gather data to have a more robust baseline on the costs of climate change to HES.

Performance analysis continued

Impacts of climate related issues and risk mitigation

Climate Ready HES sets out our primary adaptation response, including a commitment to develop climate scenarios to stress-test decisions we make as an organisation. *Climate Ready HES* identified 28 key climate risks to the delivery of HES's functions. A summary of these risks identified with financial implications are summarised in the table below.

Summary table of climate risks, mitigation actions and potential financial impacts for HES

Risk	Mitigation action	Potential financial impact
Physical climate risks on our organisation's physical assets Changing weather patterns/ increased occurrence of natural hazard events causing increased rates of decay of the properties in our care. Increased risk of flooding and associated impacts on our offices, depots and other supporting infrastructure.	• Regular inspection/site visits/ condition surveys. • Ongoing maintenance and conservation work. • Ongoing monitoring and research (e.g. materials analysis and digital documentation). • Business continuity plans.	Increased costs for: • adaptation measures, • maintenance and repair, • associated research and monitoring, • emergency measures. Loss of income associated with site closures and loss of economic benefits historic site brings to community.
Physical climate risks on the natural capital of our properties in care Changing weather patterns/ increased occurrence of natural hazard events causing: • degradation and changing character of property in care landscapes, • increased risk of ground instability and rockfall/deterioration of geological exposures.	• Restoration of natural barriers (e.g. Links of Noltland). • Digital monitoring of some at risk sites (e.g. Skara Brae). • Routine maintenance of green space; scaling of vulnerable rock faces; routine inspection and monitoring. • Installation of rock traps; closure of exposed footpaths/routes.	Increased costs for: • adaptation measures, • maintenance and repair, • associated research and monitoring, • emergency measures. Loss of income associated with site closures and loss of economic benefits historic site brings to community.

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Risk	Mitigation action	Potential financial impact
Physical climate risks disrupting our day-to-day operations Extreme weather/natural hazard events causing: • increased risk of disruption/ shock to our supply chain, • more frequent closure of our Properties in Care, • more frequent postponement/ cancellation of events.	• Launching of our Waste and Resources Plan which outlines key circular economy principles HES should embed within its operations. • Commitment to increasing purchasing of goods made locally in our Procurement Strategy and our Retail Strategy. • Site closure mailing list. • Event Management Plans in place that consider weather conditions on the day.	• Increased cost of raw materials. • Loss of income due to difficulty accessing resources required to deliver day-to-day operations. • Reputational risks may lead to loss of membership income or from funding bodies.
Key transition risks that would likely impact delivery of our core functions Dependence on a carbon- and resource-intensive operational model, and tourism sector, to generate revenue increasing the risk of reputational damage and impact on income.	• Development of Responsible Tourism Framework. • Creation of Responsible Tourism Officer role and series of associated high-level actions included in the HES Climate Action Plan. • Publishing the HES Waste and Resources Plan which outlines actions to support the development of circular economy business models. • Development of a Carbon Management Plan and estate decarbonisation programme.	Increased cost of: • raw materials, • services such as waste disposal. Unstable and unexpected shifts in energy costs. Loss of income associated with potential increasing costs of international travel reducing number of international visitors.

Performance analysis continued

We have identified physical risks to the properties in care (PICs) through a desk-based risk assessment which created risk scores for all PICs and provides a strategic basis for existing maintenance work programmes, as well as the allocation of funds for future works.

In recognition of more mature datasets and evolutions in climate change risk assessments in the cultural heritage sector, this risk assessment is currently in the process of being updated, with a new assessment complete by the end of 2026-27. The update to the climate change risk assessment will support decisions on whether Dynamic Adaptive Policy Pathways are an appropriate next step in order to embed different climate scenarios and tipping points.

HES has also partnered with stakeholders to undertake climate risk assessments for UNESCO World Heritage Sites, three of which include PICs, using the Climate Vulnerability Index (CVI) methodology. So far studies have been conducted for The Heart of Neolithic Orkney, the Antonine Wall, the Old and the New Towns of Edinburgh and St Kilda.

This partnership work touches on how we are supporting the wider heritage sector to identify and manage climate-related risks. Other work in this area includes the publication of a Guide to Climate Impacts on Scotland's Historic Environment in 2019 which we developed in partnership with other sector bodies in Scotland. In addition to this we have supported the development of the UK's first UK-wide climate hazard map for heritage, in partnership with other UK heritage bodies.

Alongside our risk management framework we have also implemented the following plans and actions to help manage these identified current and future climate-related risks:

- Outlined key actions in our Climate Action Plan 2020-2025. It made six commitments under the Impacts and Adaptation Theme and identified 12 actions, including developing further our existing Climate Change Risk Assessment (CCRA) methodology.
- Our Regulatory Framework which sets out how we provide regulatory and advisory services in the planning and other consenting systems includes adapting to a changing climate and restoring biodiversity as main goals.
- We have contributed to the development and implementation of the Scottish National Adaptation Plan 3, setting out the historic environment's contribution to adapting to the impacts of climate change and reporting on our progress against policies assigned to HES for delivery.
- We are planning for our transition to the low carbon economy through the development of our Carbon Management Plan which outlines how we will contribute to net zero and transition away from carbon intensive energy, and the Waste and Resources Plan which outlines how we will transition to circular low carbon business models.

Organisational resilience to climate risks

While *Climate Ready HES* indicates that we will undertake scenario planning, this has not yet taken place and related time horizons for adaptation are not yet embedded in our governance.

A progress review of *Climate Ready HES* will take place by end of 2027-28 under the new Climate Action Strategy, to be published in autumn 2026, which will take into account the requirements resulting from TCFD disclosures and embed the additional requirements into *Climate Ready HES*, including scenario planning, short-, medium-, and long-term time horizons relating to climate change risks and opportunities, and quantifying the impact of climate-related issues on our financial performance. We do not yet have a full understanding of how resilient our strategies are to climate-related risks and opportunities, but the increasing physical climate-related risks have been factored into the ongoing development of a HES Properties in Care and Collections Strategy, public consultation upon which closed in January 2026.



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Performance analysis continued

Performance against our Climate Action Plan targets

This section gives an overview of our performance against the themes and targets set out within the HES Climate Action Plan 2020-2025. This plan came to the end of its term in 2025 and will be replaced by the Climate Action Strategy in 2026 which is currently under development.

Energy and carbon management

With the HES Climate Action Plan coming to an end, work during this period has focused on working collaboratively with staff across the organisation to define the strategic direction for energy and carbon reduction at HES for the next five years.

HES carbon targets

Our baseline year is 2018-19 and our interim years carbon budgets are aligned with the 2045 net zero target as required by Scottish Government. These targets are KPIs in our Corporate and Operating Plans and will form part of our new Carbon Management Plan which is currently under development. GHG emissions are calculated in line with the GHG Protocol methodology.

Carbon performance 2025-26

Our greenhouse gas emissions for 2025-26 were 3,641 tCO_2e (tonnes of carbon dioxide equivalent) which represents a 32% reduction from our 2018-19 baseline and comes in well within our target of 26%.

While this year's carbon performance remains within our overall carbon budget, we have not achieved our emissions targets for heating and fleet. This increase has, however, been offset by emissions reductions from electricity, business travel, waste and water. This year our electricity use reduced by only 2% compared to the previous year, however we have benefited from the decarbonisation of the grid which reduced the carbon intensity of electricity by 15% compared with last year. Waste emissions have reduced significantly since the launch of a new national waste contract in 2020, which has diverted waste from landfill. Emissions from business travel also reduced significantly compared to the previous year. This is partly associated with a reduction in flight kilometres by 43% and also due to emissions from long-term vehicle hire now being reported in Scope 1 under the HES fleet category.

Our Organisational Carbon Trajectory



	2024-25 Actual tCO_2e[4]	2025-26 Target tCO_2e	2025-26 Actual tCO_2e	2025-26 Variance from target tCO_2e	Achieved target?	Percentage reduction against 2018-19 baseline
Scope 1						
Heating – gas	1,605	1,321	1,576	(255)	No	11%
Heating – other fuels	149	144	162	(19)	No	16%
HES fleet and plant	258	287	339	(52)	No	13%
Scope 2						
Electricity (includes use and transmission and distribution)	1,525	1,768	1,295	473	Yes	46%
Scope 3						
Water	25	57	30	27	Yes	61%
Waste	7	120	3	117	Yes	98%
Business travel	321	296	235	61	Yes	41%
Total	**3,890**	**3,993**	**3,641**	**352**	**Yes**	32%

Our wider influence supporting carbon reduction beyond our organisational boundary

We have several initiatives underway to support emissions reductions in the wider historic environment, including the development of a Retrofit Centre for Traditional Buildings, part of the Research Infrastructure for Conservation and Heritage Science (RICHeS) programme and funded by the UKRI Arts and Humanities Research Council through the UKRI Infrastructure Fund. In addition, we have continued to deliver the Level 3 Award in Energy Efficiency for Older and Traditional Buildings, with 48 people from across the sector completing this course in 2025-26. Further supporting skills development, in partnership with the Scottish Canals, we launched Lock 16: Scotland's Centre of Excellence for Canals & Traditional Skills, funded by the Growth Deal and the National Lottery Heritage Fund, which aims to increase traditional skills that support the maintenance, repair and upgrade of the built historic environment.

We have also been supporting the development of net zero skills within the public sector by hosting a Net Zero Trainee within the HES Climate Change Team who has been supporting with initiatives related to carbon reduction on our built estate.

4 Greenhouse gas emissions figures from previous years are recalculated where additional information is available. This means that greenhouse gas emissions shown for previous years may not match that previously reported. Greenhouse gas emissions for 2024-25 were previously reported at 3,890 and have been restated at 4,067.

Performance analysis continued



Circular economy

Our Waste and Resources Plan outlines the actions and targets relating to waste and resource use for HES. This plan came to the end of its term in 2025, and a summary of performance against the targets in its final year was given in our 2024-25 Annual Report. Work has been ongoing this year to develop a new Circular Economy Plan to replace it and update these targets.



Waste performance 2025-26

In 2025-26 overall waste produced by HES decreased by 130 tonnes from the previous year, representing a 13% reduction from the 2019-20 baseline. The recycling rate for this period was 57%, which represents a slight increase from the previous year but remains below the targeted 70% recycling by 2025.

	2024-25 Actual	2025-26 Actual	2025-26 variance from previous year	Change from baseline
Tonnes of waste	1,020	890	(130)	13% reduction
Recycling rate*	53%	57%	4% increase	2% increase
Municipal waste tonnes	665	571	(94)	69% increase
Municipal waste recycling rate	28%	33%	5% increase	7% increase
Construction waste tonnes	204	214	10.7	5% increase
Construction waste recycling rate	99%	100%	1% increase	30% increase
Reuse rate	82	156	90% increase	90% increase

*Includes recycling, aerobic digestion and composting

Increasing reuse and recycling

This year we have continued to grow our reuse network both externally using Warp-it and through our internal Teams channel. We have also been setting up new processes to enable reuse of uniforms where items can be laundered and expanding recycling of the uniforms that are no longer usable. Our shops also recently launched bottled water in bespoke, reusable, recycled aluminium bottles, reducing plastic bottled water sales across our sites. Bottled in the Highlands of Scotland, it also reduces transport requirements compared with our previous offer.

Performance analysis continued

Sustainable travel

We continued development of the HES Sustainable Travel Strategy for visitor and staff travel which will be submitted for final approval in 2026. We also published our revised Business Travel and Expenses Policy, which promotes the Sustainable Travel Hierarchy for business journeys and encourages trip-chaining and accessible meeting locations to reduce car travel.

The Holyrood Park Working Group is developing a Movement Strategy for the park which follows Transport Scotland's Scottish Transport Appraisal Guidance (STAG) process. The Strategy will set out how we manage travel and access in the park going forward, in line with our Strategic Plan. We have also installed VivaCity counters in the park to help monitor visitor flows. The data will be made publicly available on the Cycling Scotland data portal.

Doune Castle experiences high demand for car parking, so we ran a survey to understand whether visitors currently use the new Draggie Burns Park and Stride in the village. Most respondents were unaware of the Park and Stride facilities, highlighting an opportunity for better signposting. The site team also started a 7-month trial for car park donations as a way to manage demand, promote use of the local Park and Stride, and encourage visitors to spend more time in the village. Visitors have responded positively to this, with a clear willingness to donate.

Responsible tourism

Climate Change Adaptation Manual for Heritage Tourism

In November 2025 we published the Climate Change Adaptation Manual for Heritage Tourism, developed with VisitScotland (VS), to support heritage tourism businesses to build resilience to climate change. A subsequent national webinar coordinated by HES/VS promoted the resource. This project supports our commitment to environmental stewardship and capacity building.

Circular tourism and shared destination approach at Blackness Castle

In November 2025, we hosted a workshop at Blackness Castle with University of Glasgow students, local stakeholders and colleagues to explore its potential as a responsible and circular tourism hub within the wider region. This event marked the third year of our collaboration with the University of Glasgow, and the Italian National Research Council, Institute of Heritage Science (CNR-ISPC) following the European Be.CULTOUR initiative. The workshop outlined actions, responsible parties and a timeline to develop Blackness Castle as an inclusive heritage site connected to the surrounding landscape, community and visitor attractions.

'Take the Slow Road' – responsible tourism campaign

The Climate Change team and Marketing team collaborated to outline three multi-day travel itineraries supporting slow tourism and meaningful visitor experiences at selected sites. The campaign was launched in March 2026. It has been shared in both national and local newspapers and will be promoted on our social media channels as well as in collaboration with influencers to increase engagement.

Adaptation

Historic Environment Grants Programme

Our Grants, Climate Change, and *Our Place, Our Future* teams developed and published guidance to support grant applicants to adapt to the impacts of climate change within their projects. In 2025-26, 60% of grant applications referenced adaptation and we aim to increase this over the period of the Scottish National Adaptation Plan (SNAP3).

Climate Change Risk Assessment

We carried out internal engagement to review the first Climate Change Risk Assessment, creating a baseline of how climate change risk data is used within the organisation. This information is being used to inform the scope of the second Climate Change Risk Assessment.

AHRC Early Career Research Fellowship

The final year of a research project undertaken by an Early Career Research Fellow funded through the Arts and Humanities Research Council Early Career Fellowship in Cultural and Heritage Institution programme has been completed and the work is expected to be published in summer 2026. 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.

Biodiversity

Bioblitz at Arbroath Abbey

In August 2025 we ran a Bioblitz at Arbroath Abbey co-ordinated by one of our Green Champions. This event brought together HES staff, local nature experts, members of the local community and visitors to record wildlife that could be seen around the abbey over a 24-hour period. 78 people participated, all volunteers so this equated to 270 volunteer hours and we recorded 143 number of species. The data was logged on iRecord platform used to collect, verify, and share wildlife observations. We hope to run this event again and are looking at doing it at other sites too.

Sustainable procurement

Sustainable cleaning product trial

Following the new cleaning product contract last year we have worked with the supplier to trial a non-toxic, multi-use cleaning product that can be used across a wide range of applications. Our cleaning supplies contractor operates a take-back scheme for the packaging, meaning it is collected and recycled. The trial has taken place at three of our sites, Melrose Abbey, Skara Brae and Doune Castle and will next year be expanded to more sites.

This Performance Report has been approved by:



Stephen Uphill
Interim Chief Executive and Accountable Officer

8 October 2026

Accountability Report
Aithisg air Cunntachalachd

Structure, governance and management
Structar, riaghlachas agus stiùireadh

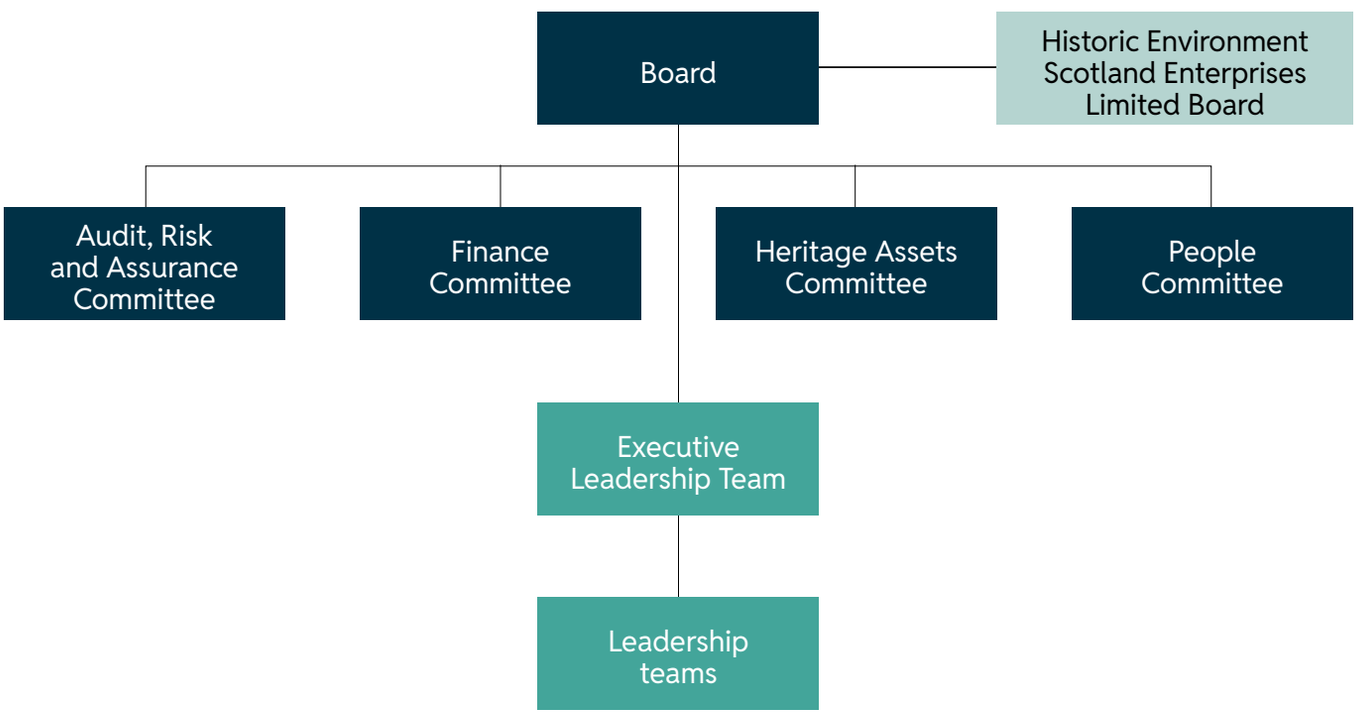


This section explains how HES is structured, governed and managed. It covers our status as a public body and charity, the role of the Board and its committees, and the key arrangements that support effective oversight, accountability and decision-making.

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

Our Framework Document explains how we operate and sets out our relationship with Scottish Ministers and our sponsor team in the Scottish Government. A separate Scheme of Delegation from Scottish Ministers sets out our responsibilities for managing the properties and collections in our care.

Our governance structure



Structure, governance and management continued

Board

The Board provides leadership, direction, support and challenge. It is responsible for making sure that HES delivers its functions effectively and efficiently, in line with the aims, policies and priorities of the Scottish Ministers.

Board members are also charity trustees. This means they must meet their duties under charity law as well as their responsibilities as members of the board of a public body.

The Board is responsible for:

- setting HES's strategic direction and agreeing plans;
- monitoring performance against agreed aims, objectives and targets;
- making sure risks are identified, managed and reported;
- maintaining effective governance and transparent decision-making;
- approving the Annual Report and Financial Statements before they are provided to Scottish Ministers and laid before the Scottish Parliament;
- promoting the efficient, economic and effective use of resources consistent with the principles of Best Value;
- scrutinising financial performance and compliance with Scottish Government guidance;
- promoting the wellbeing, learning and development of staff;
- appointing the Chief Executive, with Scottish Ministers' approval; and
- demonstrating high standards of conduct, openness and accountability.

The Board met 16 times during 2025-26 compared with seven times in 2024-25. These included regular Board meetings and closed sessions. The Board met more frequently to maintain governance during the unique situation when the Chief Executive Officer/Accountable Officer was absent. There was also a change in Chair in September 2025 and at that point there was no Interim Chief Operating Officer position.

At its regular meetings, the Board received updates on operational matters, financial performance, Board committee activity, risk and other specific topics as required.

Board members are expected to follow high standards of conduct under the Ethical Standards in Public Life etc. (Scotland) Act 2004. The Board has a Code of Conduct, and members must declare relevant interests. The Code of Conduct, the Register of Declared Interests and approved Board Minutes are available online at https://www.historicenvironment.scot/about-us/who-we-are/our-board/

Board members are appointed by Scottish Ministers after an open public appointments process. The process is regulated by the Commissioner for Ethical Standards in Public Life in Scotland and supported by the Scottish Government Public Appointments Team.

New board members receive an induction to help them understand HES, their responsibilities, the Code of Conduct, the Register of Interests and their personal development needs. Board members are also expected to familiarise themselves with the Scottish Government's *On Board* guidance for board members of public bodies.

Board members usually develop their knowledge through site visits, meetings with staff and stakeholders, events, and training. There were fewer opportunities to do this in 2025-26 because board members needed to devote more of their time to addressing urgent governance matters.

Board committees

The Board is supported by four committees:

- Audit, Risk and Assurance Committee
- Finance Committee
- Heritage Assets Committee
- People Committee.

The Audit, Risk and Assurance Committee supports the Board and Accountable Officer on risk, control, and assurance for HES and its subsidiary, Historic Environment Scotland Enterprises Limited. It reviews risk management arrangements, the internal control environment, internal audit and external audit reports.

The Finance Committee provides oversight and assurance on financial and budget matters. This includes financial planning, budget setting, investment decisions, business cases, performance against budget and the delivery of expected investment benefits.

The Heritage Assets Committee provides oversight and assurance on the properties, collections and other heritage assets in our care. It advises the Board on how these assets can be managed and operated sustainably and innovatively, so that they continue to benefit people now and in the future.

The People Committee provides assurance that HES is properly addressing people-related matters. This includes organisation design, remuneration, performance management, health, safety and wellbeing, inclusion and diversity, and attracting, retaining and developing staff and volunteers.



© Rob McDougall

Structure, governance and management continued

Board and committee membership and attendance

Board and committee membership and attendance during 2025-26 are shown in the below table:

Board member	Board	Audit, Risk and Assurance Committee	Finance Committee	Heritage Assets Committee	People Committee
Sir Mark Jones, Chair[5]	6/6				
Dr Hugh Hall, Chair[6]	6/8				
Prof Ian Baxter[7]	16/16			5/5	
Gemma Butterfield	10/16				2/3
Andrew Davis	14/16		3/4		
Susan Deighan[8]	4/4				1/1
Joe Doogan[9]	14/16			4/5	1/3
Emma Herd	13/16	4/5			3/3
Simon Hodge[10]	13/16	3/3	2/2		
Gary Jebb	15/16			5/5	
Ann Leslie	13/16		4/4		
Terry Levinthal[11]	9/9	2/2		2/2	
Ray Macfarlane[12]	4/4				
Dr Nkosana Mafico[13]	16/16	5/5			1/1
Anne-Marie O'Hara[14]	8/9		1/1		2/2
David Richardson[15]	16/16		2/4		
Independent co-opted members					
Susan Mitchell[16]		2/2			

Biographies for our current board members can be found on our website:
https://www.historicenvironment.scot/about-us/who-we-are/our-board/

Sir Mark Jones resigned as Chair on 13 July 2026. Ronnie Hinds was appointed as Interim Chair from 13 July 2026. The Scottish Government are recruiting a permanent Chair as at the date this Annual Report was approved.

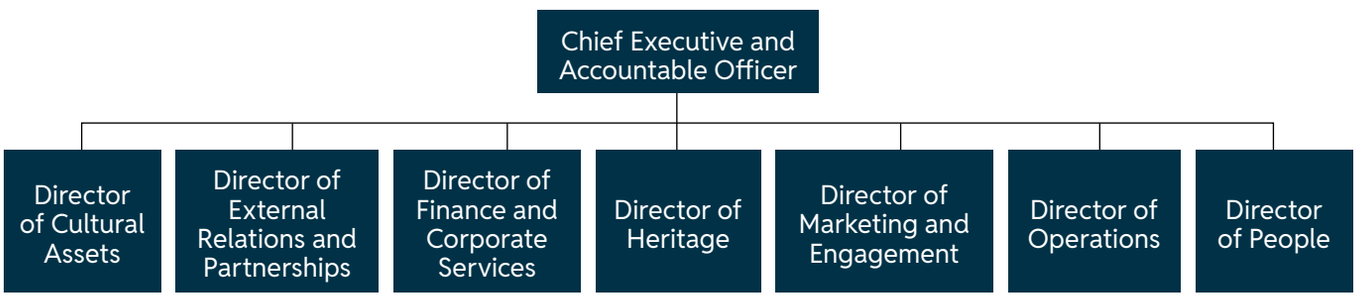
There were no further changes to the Board membership from 31 March 2026 to the date this Annual Report was approved.

5 Chair from 22 September 2025.
6 Chair to 5 September 2025.
7 Heritage Assets Committee Chair from 27 October 2025.
8 Board member from 10 November 2025 and People Committee member from 12 March 2026.
9 People Committee member to 12 March 2026.
10 Finance Committee member to 7 August 2025 and Audit, Risk and Assurance Committee member from 18 September 2025.
11 Board member, Heritage Assets Committee Chair and Audit, Risk and Assurance Committee member to 16 September 2025.
12 Board member from 10 November 2025.
13 People Committee Chair from 20 November 2025.
14 Board member and People Committee Chair to 24 September 2025.
15 Not invited to Finance Committee meetings of 7 May 2025 and 7 August 2025 due to an administrative error.
16 Audit, Risk and Assurance Committee independent co-opted member to 7 August 2025.

Chief Executive and the Executive Leadership Team

The Chief Executive is appointed by and is accountable to the Board. The Chief Executive is also the Accountable Officer. This means they are personally responsible for making sure that public money is used properly and that HES operates in line with Scottish Government requirements.

The Chief Executive is supported by the Executive Leadership Team.



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.

There were changes in senior leadership arrangements during 2025-26 and up to the date this Annual Report was approved. An Interim Chief Operating Officer role was established in December 2025. The Executive Leadership Team reported to the Chief Operating Officer from 15 December 2025 to 31 August 2026. There were also a number of absences, other interim appointments and temporary changes in responsibilities to support business continuity and maintain effective leadership. The Board and Scottish Government sponsor team continued to provide oversight during this period.

Structure, governance and management continued

Executive Leadership Team members during 2025-26 and to the date this Annual Report was approved were:

- Katerina Brown, Chief Executive (to 31 August 2026)
- Stephen Uphill, Interim Chief Operating Officer (from 15 December 2025 to 31 August 2026), Interim Chief Executive (from 31 August 2026)
- Craig Mearns, Director of Operations (absent from 26 October 2025, left 30 September 2026)
- Roger Curtis, Interim Director of Operations (from 27 October 2025)
- Stephen Duncan, Director of Marketing and Engagement (absent from 30 September 2025)
- Gillian MacDonald, Interim Director of Marketing and Engagement (from 1 October 2025)
- Dr David Mitchell, Director of Cultural Assets (absent from 6 March 2026 to 16 August 2026)
- Colin Tennant, Interim Director of Cultural Assets (from 1 April 2026 to 30 September 2026).
- Elizabeth McCrone, Director of Heritage
- Lindsey Ross, Director of People
- Craig Marshall, Interim Director of Finance and Corporate Services
- Alison Turnbull, Director of External Relations and Partnerships

Biographies for our current Executive Leadership Team can be found on our website: https://www.historicenvironment.scot/about-us/who-we-are/executive-leadership-team/

The Executive Leadership Team met regularly during the year to consider operational delivery, financial performance, risk, people matters, strategy development and other key corporate issues.

Katerina Brown was absent from 2 May 2025 to 22 August 2025. From 25 August 2025, Katerina Brown returned to work, however was restricted by the Board to focusing on Accountable Officer duties, including the approval of the 2024-25 Annual Report and Financial Statements. During this time, the Executive Leadership Team operated a weekly rota system to discharge the Chief Executive's duties and keep the Board, and sponsorship team in Scottish Government updated. Katerina Brown was fully back in the Accountable Officer and Chief Executive roles with effect from 25 May 2026 with all restrictions lifted.

Katerina Brown relinquished Chief Executive responsibilities from 31 August 2026 and Stephen Uphill was appointed Interim Chief Executive. From 31 August 2026, the Executive Leadership Team reported directly to the Interim Chief Executive.

Group structure

HES wholly owns Historic Environment Scotland Enterprises Limited and this entity is included in the HES group financial statements. Historic Environment Scotland Enterprises Limited carries out trading activities on behalf of HES. These activities help generate income to support HES's charitable purposes. They include areas such as retail, events, filming, catering and other commercial activity.

The subsidiary is governed by its own Board of Directors. Its financial performance is reported to HES through agreed governance and reporting arrangements. Board members and senior officers receive information on the subsidiary's performance as part of wider financial and corporate reporting.

Any profit generated by the subsidiary is transferred to HES, where it is used to support our work to investigate, care for and promote Scotland's historic environment.

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 and Trustees' Responsibilities

Aithris air dleastanasan an Oifigeir Chunntachail agus nan urrasairean

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 complies 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.

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, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding HES's assets, are set out in the Memorandum to Accountable Officers from the Principal Accountable Officer published in the Scottish Public Finance Manual.

The Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 require the board members (trustees for the purposes of charity law) to prepare financial statements for each financial year. Under those laws, the trustees have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under those laws, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charity and of the incoming resources and application of resources of the charity for that period.

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.

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

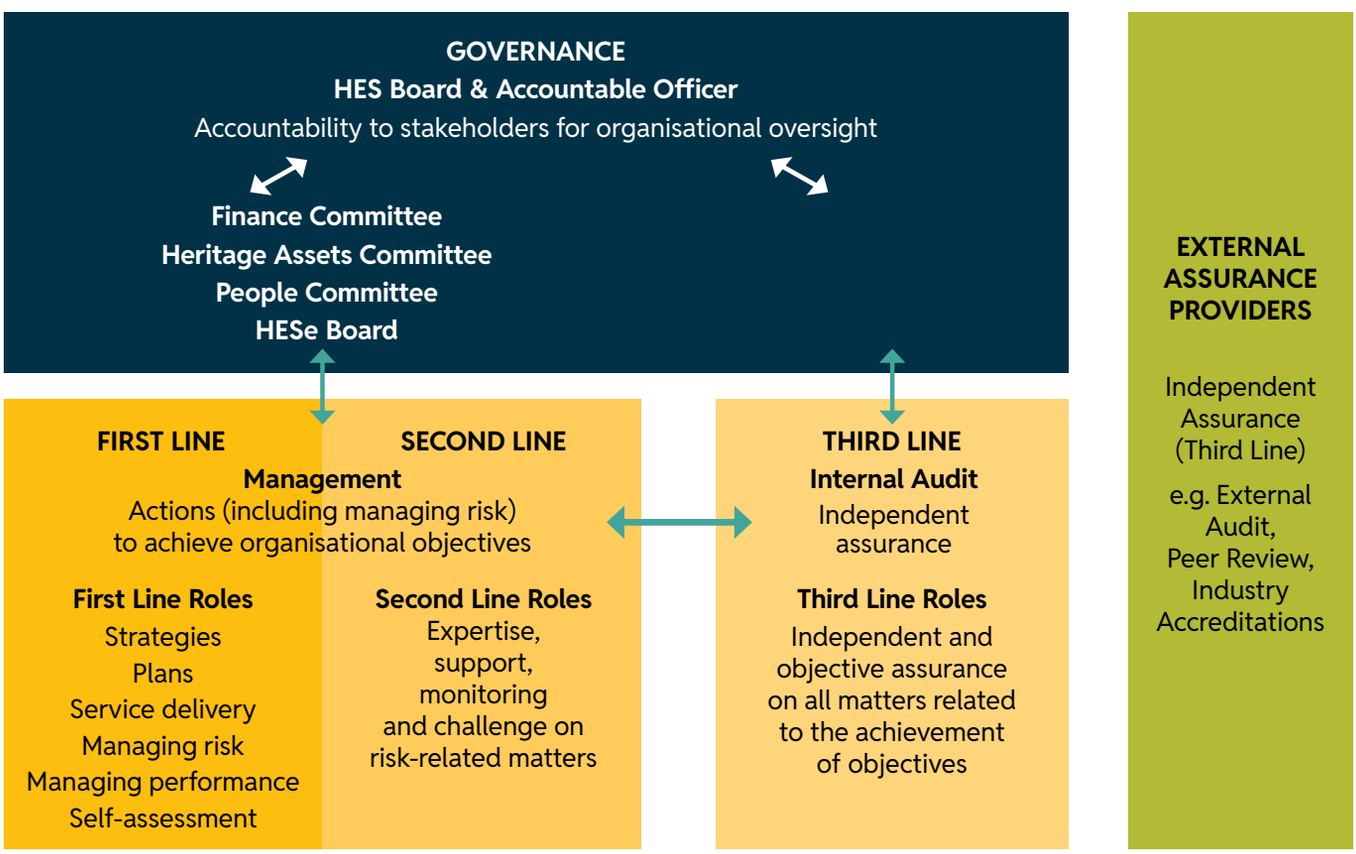
As set out in the Statement of Accountable Officer's and Trustees' Responsibilities on page 67, I have personal responsibility for maintaining effective systems of internal control.

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.

Although I was appointed as Accountable Officer on 1 September 2026, I have reviewed the assurances available to me and am satisfied that I have sufficient evidence to sign this Governance Statement for the year to 31 March 2026 and up to the date this Annual Report was approved.

HES's governance framework is set out in the Structure, Governance and Management section on page 60. The diagram below sets out the HES Assurance Framework, which shows how assurance is provided to support me in fulfilling my responsibilities as Accountable Officer.

HES Assurance Framework – Three lines model



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 2026 and up to the date this Annual Report was approved.

Risk management and internal controls

The Audit, Risk and Assurance Committee advise the Board and Accountable Officer on the operation and effectiveness of the internal control environment and measures in place to mitigate risks.

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.

We have a Risk Management Policy and a Risk Management Strategy which are reviewed annually. The latest update was approved by the Board in May 2026. 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 those which should be avoided if we have less control on managing the outcomes. 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. Protection of life and avoidance of serious injury are our primary objectives and take precedence over other considerations.

We maintain a risk register to support the delivery of our strategic priorities. The risk register is reviewed quarterly by the Executive Leadership Team, the Audit, Risk and Assurance Committee and the Board. 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.

Our principal risks to the delivery of our strategic priorities are set out on page 16.

HES has an Information Asset Register which includes an up-to-date and compliant Record of Processing Activities (ROPA). HES reported itself to the Information Commissioner's Office (ICO) eight times during 2025-26 (2024-25: none). The ICO has closed all eight cases referred to them by HES during 2025-26. HES has completed its internal investigations into these breaches and is implementing the identified actions to reduce the likelihood of similar breaches occurring in the future. Since 31 March 2026, HES has reported two breaches of personal data to the ICO to the date this Annual Report was approved. The first incident relates to unauthorised transfer of sensitive and personal data to a personal email address and is now closed. The second incident relates to sensitive information relating to HR matters featuring in the press.

Governance Statement continued

HES has an appraisal system to assess the performance of individual staff members. The Board and Audit, Risk and Assurance Committee regularly conduct a collective self-assessment of performances; however, the Board's self-assessment wasn't completed in 2025-26 because board members needed to devote more of their time to addressing urgent governance matters. Our Internal Audit team commenced a board effectiveness review in March 2026.

The systems of internal control have been in place for the year ended 31 March 2026 and up to the date this Annual Report was approved.

Internal Audit opinion

The 2025-26 Internal Audit opinion is based on a challenging year for HES. Six assurance reviews were completed, alongside an advisory review of the Archive House Project. Five of the six assurance reviews received limited assurance, with only the Risk Management Framework receiving satisfactory assurance. A total of 16 high, 26 medium and three low-rated findings were reported, and management accepted all recommendations. However, the timely implementation of agreed management actions remains a significant concern, with only 18% implemented by the due date in 2025–26 and continued delays in high- and medium-rated actions.

The limited opinion is supported by recurring weaknesses in governance, policy compliance, oversight and delivery of agreed improvements. Audit Scotland raised concerns about governance and strategic leadership although mitigating arrangements have since been introduced. Progress has been made on estate compliance, but further scrutiny is needed to ensure these risks are managed effectively. The Archive House Project also provides important lessons for future capital project management and decision-making. While risk management arrangements are broadly satisfactory, further work is needed on training, risk culture and an enterprise-wide risk system. Business continuity also remains underdeveloped, with slow progress in completing priority business continuity plans. There will be an internal audit review of business continuity in 2026.



Internal Audit's 2025-26 findings are summarised as follows:

Internal Audit Report	Overall Report Rating	Risk Rating of 2025-26 Findings		
		HIGH	MEDIUM	LOW
Ticketing and Hospitality	Limited	5	3	0
Data Protection	Limited	5	2	0
EPC and Expenses	Limited	3	5	0
Procurement (Single Source Justification and Conflicts of Interest)	Limited	2	4	0
Board Effectiveness	Limited	1	9	0
Risk Management Framework	Satisfactory	0	3	3
Total		**16**	**26**	**3**
Archive House Project	N/A	9 Recommendations (ungraded as advisory)		

In response to the Head of Internal Audit and Business Improvement's limited annual opinion, management have taken action to address outstanding internal recommendations, with the following progress being made between 31 March 2026 and the date this Annual Report was approved.

Ticketing and Hospitality Review – A new hospitality policy is being written, as well as a move to centrally coordinate ticketing and hospitality with a process to ensure transparent distribution.

Data Protection – The Data Protection Policy and the Data Breach Incident Management Procedure have both been updated in February 2026 and April 2026 respectively.

EPC and Expenses – The electronic Purchasing Card (ePC) policy has been fully rewritten and the number of ePCs in circulation has been reduced from 410 to 302, with a further 89 identified for review with a view to be handed back. The Business Travel and Expenses policy has been revised and updated with effect from July 2026.

Procurement (Single Source Justification and Conflicts of Interest) – There has been additional training and information provided to staff to highlight the mandatory Single Source Justification process. Additional Conflict of Interest processes have been implemented to ensure declarations are made where appropriate.

Review of effectiveness

As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of governance. The year 2025-26 and up to the date of this report has been considerably challenging for the strategic leadership of the organisation, and the turnover of the chair in September 2025 and again in July 2026 has proved to be a distraction which has reduced the focus of the board on strategic matters. Changes in board membership are set out on page 64. An internal audit review of board effectiveness was commissioned to support and refine the relationship between the Board and the Executive Leadership Team, and the overall effectiveness of the Board. This review has concluded and the report is in draft with the Interim Chair to agree the management responses.

Governance Statement continued

Other areas that inform the system of governance include:

- Actions taken following the Auditor General for Scotland's Section 22 report for the year 2024-25. These actions to improve governance continue to be progressed in 2025-26 and are covered in more detail below.
- The commissioning of the Organisational and Cultural Review has also highlighted key areas for improvement which the Board has accepted and approved. These include recommendations to improve strategic planning.
- 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 regular reports to the Audit, Risk and Assurance Committee, 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 2024-25 governance statement

We reported on the following issues in our 2024-25 Governance Statement on which we required further assurance:

Compliance assurance and reporting

The Safety Compliance Improvement Programme (SCIP) has progressed during 2025-26 and is now aligned to a revised two-year delivery plan agreed with the Audit and Risk Assurance Committee, providing a clearer framework for delivery of compliance priorities.

Key developments include the progression of Martyn's Law as a discrete project to support focused delivery of associated legislative and operational requirements, and the appointment of a Project Manager and a dedicated Project Board to strengthen project capacity.

Work is also ongoing across the SCIP workstreams to improve assurance and reporting on compliance in a range of operational, legislative, and regulatory frameworks in relation to the properties in our care and our operations. Work is progressing on the identification of system(s) solution(s) with requirements gathering underway, with solution(s) to be identified by March 2027 and implemented by March 2028. Currently, there are multiple reporting tools providing information on Statutory compliance. The SCIP programme will provide a centralised system to resolve this issue of alignment and create a single source of compliance reporting.

2025-26 issues

Following the 2024-25 audit of Historic Environment Scotland, the Auditor General for Scotland issued a Section 22 Report under section 22 of the Public Finance and Accountability (Scotland) Act 2000 on 15 December 2025.

The report raised concerns around four key areas or themes: leadership instability, weaknesses in governance and procurement, lack of transparency around complimentary tickets, and data breaches.

During 2025, HES conducted and issued several internal audit reports which highlighted issues and agreed actions against the matters raised and all were either completed during 2025-26 or on track to be completed during 2026-27. Progress on these actions is reported to the Board and the Audit and Risk Assurance Committee at every formal meeting.

People and culture

The 2024-25 Section 22 highlighted issues relating to people and culture. In response to this, in January 2026, the Board commissioned an independent culture and organisation effectiveness review.

The Organisational and Culture Review, which was published in June 2026, took feedback from colleagues across the organisation as well as stakeholders and heritage partners in Scotland, across the UK, Scottish Government, and Audit Scotland. There are 30 recommendations which identify areas for improvement across five themes:

- Vision, Leadership & Governance
- Effective Use of Resources and Managing Risk
- Partnership and Collaborative Working
- Managing People and Performance
- Delivering Fair, Sustainable Outcomes

The recommendations aim to transform the culture of the organisation for long-term success and improved outcomes.

An implementation plan was presented to the Board in August 2026. This plan outlines the actions, next steps and timeline for delivery.

Conclusion

The reports provided to me reveal areas of concern where some controls have not been effective, and internal audit reports highlight some areas of control weakness, along with recommendations for improvement which are being acted upon.

I have concluded that appropriate action plans are in place to address the areas of weakness that have been identified and that overall the internal control system is operating effectively.

Remuneration and Staff Report
Aithisg Co-dhìolaidh is Luchd-obrach

This section sets out information on remuneration, pensions, staff costs and workforce matters for 2025-26. It includes the key disclosures required for public bodies and charities, and explains how HES supports and manages its people.

The external auditors have audited the parts of the Remuneration and Staff Report that cover board and Executive Leadership Team pay and pensions, fair pay disclosures, staff costs and numbers, and exit packages.

The auditors have also reviewed the rest of the report to check that it is consistent with the financial statements.

Remuneration policy

Historic Environment Scotland (HES) has a pay and grading structure, which is published on our website: https://www.historicenvironment.scot/about-us/jobs-and-volunteering/work-with-us/what-we-offer/#pay-and-pension_tab.

Pay is reviewed every year. Any pay increases are negotiated, in line with the Scottish Public Sector Pay Policy, with the Trade Union Alliance (TUA) and agreed with the Scottish Government and must be approved by the Board.

When approving pay awards, the Board considers:

- the need to attract, keep, and motivate people with the right skills and experience;
- priorities for improving public services, including meeting service delivery targets;
- the affordability of the recommendation.

The Chief Executive's pay is set in line with the Scottish Public Sector Pay Policy for senior roles. This is agreed with the Scottish Government and approved by the Board. Pay, allowances, and expenses for board members follow guidance issued by Scottish Ministers.

Employment contracts

HES recruits new permanent employees through fair and open competition. HES staff are public servants, not civil servants. However, in line with good practice, HES follows the Recruitment Principles published by the Civil Service Commission.

Unless stated otherwise below, the employees covered by this report are on open ended contracts. If employment ends early for reasons other than misconduct or poor performance, the individual would receive compensation in line with the Civil Service Compensation Scheme.

Board members' remuneration – audited

Board members are paid in line with the usual arrangements for non-departmental public bodies. This payment reflects the contribution they make to HES and the personal and professional responsibilities that come with serving on a large, significant public sector board. The fees earned for individual board members for the year to 31 March 2026 were as follows in the table opposite.

Board member	2025-26 Fees £	2024-25 Fees £
Sir Mark Jones, Chair (from 22 September 2025) [17]	14,840	–
Dr Hugh Hall, Chair (to 5 September 2025) [18]	6,117	14,208
Prof Ian Baxter (from 1 November 2024) [19]	5,472	2,280
Gemma Butterfield [20]	5,472	4,104
Ian Brennan (to 31 October 2024) [19]	–	3,648
Andrew Davis	5,472	5,472
Susan Deighan (from 10 November 2025) [21]	1,824	–
Joe Doogan	5,472	5,472
Emma Herd	5,472	5,472
Simon Hodge	5,472	5,472
Gary Jebb	5,472	5,472
Ann Leslie [22]	–	–
Terry Levinthal (to 16 September 2025) [21]	2,462	5,472
Ray Macfarlane (from 1 December 2025) [21]	1,824	–
Dr Nkosana Mafico (from 1 November 2024) [19]	5,472	2,280
Anne-Marie O'Hara (to 24 September 2025) [21]	2,736	5,472
David Richardson (from 1 November 2024) [19]	5,472	2,280
Ian Robertson (to 31 October 2024) [19]	–	3,648

Board members' remuneration is not pensionable and they do not receive bonus payments. They are entitled to reimbursement of expenses, which is reported in the expenditure disclosures note to the financial statements (note 12).

17 Full year equivalent for 2025-26 would have been £28,416.
18 Full year equivalent for 2025-26 would have been £14,208.
19 Full year equivalent for 2024-25 would have been £5,472.
20 Elected to receive board members' remuneration from 1 July 2024.
The full year equivalent remuneration for 2024-25 would have been £5,472.
21 Full year equivalent for 2025-26 would have been £5,472.
22 Elected not to receive board members' remuneration.

Remuneration and Staff Report continued

Executive Leadership Team salaries and pension benefits – audited

The salary and pension entitlement earned for individual Executive Leadership Team members[23] for the year to 31 March 2026 were as follows:

Director	2025-26 Salary £000	2024-25 Salary £000	2025-26 Pension benefits £000	2024-25 Pension benefits £000	2025-26 Total £000	2024-25 Total £000
Katerina Brown[24] *Chief Executive (from 16 September 2024)*	145-150	75-80	57	31	200-205	110-115
Stephen Uphill[25] *Chief Operating Officer (from 15 December 2025)*	30-35	–	13	–	45-50	–
Roger Curtis[26] *Interim Director of Operations (from 1 April 2024 to 6 October 2024 and from 27 October 2025)*	35-40	35-40	44	66	80-85	100-105
Stephen Duncan *Director of Marketing and Engagement*	95-100	85-90	40	34	135-140	120-125
Gillian MacDonald[27] *Interim Director of Marketing and Engagement (from 1 October 2025)*	40-45	–	58	–	100-105	–
Craig Marshall *Interim Director of Finance and Corporate Services*	90-95	75-80	29	30	120-125	105-110
Elizabeth McCrone *Director of Heritage*	95-100	90-95	70	53	165-170	145-150
Dr David Mitchell *Director of Cultural Assets*	95-100	85-90	25	66	120-125	150-155
Lindsey Ross *Director of People*	95-100	85-90	37	34	130-135	120-125
Alison Turnbull *Director of External Relations and Partnerships*	95-100	85-90	39	34	135-140	120-125

23 The salary and pension benefits for Craig Mearns have been withheld in line with section 6.5 of the FReM.
24 The full year equivalent salary for 2024-25 would have been in the range of £145,000 to £150,000.
25 The full year equivalent salary for 2025-26 would have been in the range of £105,000 to £110,000.
26 The full year equivalent salary would have been in the range of £75,000 to £80,000 for 2024-25 and £85,000 to £90,000 for 2025-26.
27 The full year equivalent salary for 2025-26 would have been in the range of £85,000 to £90,000.

'Salary' includes gross salary, supplements and allowances. The Executive Leadership Team did not receive any bonuses or benefits in kind in either 2025-26 or 2024-25.

'Pension benefits' are calculated by taking the real increase in a person's pension, multiplying it by 20, and then subtracting the contributions they have paid. The real increase does not include changes due to inflation or the transfer of pension rights into or out of the scheme. If the pension value decreases in real terms, this is shown as a negative pension benefit.

Compensation for loss of office

No member of the Executive Leadership Team received compensation for loss of office for 2025-26 (2024-25: nil).

Pension benefits

The pension entitlements earned by the Executive Leadership Team[28] for 2025-26 were:

	Accrued pension at pension age at 31 March 2026 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31 March 2026 £000	CETV at 31 March 2025 Restated £000	Real increase in CETV £000
Katerina Brown *Chief Executive*	5-10	2.5-5	77	26	39
Stephen Uphill *Chief Operating Officer (from 15 December 2025)*	0-5	0-2.5	12	–	10
Roger Curtis *Interim Director of Operations (from 27 October 2025)*	25-30	0-2.5	558	504	44
Stephen Duncan *Director of Marketing and Engagement*	55-60	0-2.5	1,032	956	32
Gillian MacDonald *Interim Director of Marketing and Engagement (from 1 October 2025)*	30-35 plus a lump sum of 70-75	2.5-5 plus a lump sum of 5-7.5	696	627	55
Craig Marshall *Interim Director of Finance and Corporate Services*	10-15	0-2.5	210	172	17
Elizabeth McCrone *Director of Heritage*	30-35 plus a lump sum of 70-75	2.5-5 plus a lump sum of 2.5-5	696	600	58
Dr David Mitchell *Director of Cultural Assets*	40-45	0-2.5	860	798	13
Lindsey Ross *Director of People*	10-15	0-2.5	181	147	21
Alison Turnbull *Director of External Relations and Partnerships*	15-20	0-2.5	256	215	27

28 The pension benefits for Craig Mearns have been withheld in line with section 6.5 of the FReM

Remuneration and Staff Report continued

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.

Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals who were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the Alpha scheme for the period from 1 April 2015 to 31 March 2022.

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.



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Fair pay disclosures – audited

In line with public sector reporting requirements, HES reports the difference between the remuneration of the highest paid director and that of the organisation's workforce. This helps demonstrate that pay is fair and proportionate.

The table below shows the key figures for 2025-26 and 2024-25:

Remuneration range	2025-26 £000	2024-25 £000	Change %
Range of staff remuneration			
– Minimum annualised salary	27	24	9.6
– Average salary (excluding highest paid director)	42	40	4.2
– Band of highest paid director	145-150	145-150	–

Ratios	2025-26	2024-25	Change %
Median total remuneration	£31,720	£30,361	4.5
Ratio of median total remuneration to highest paid director	4.65	4.86	(4.3)
Lower quartile median total remuneration	£27,258	£25,550	6.7
Ratio of lower quartile total remuneration to highest paid director	5.41	5.77	(6.3)
Upper quartile median total remuneration	£43,299	£40,896	5.9
Ratio of upper quartile total remuneration to highest paid director	3.41	3.61	(5.5)

Total remuneration includes salary and allowances. It does not include employer pension contributions and the pension transfer value of pensions. No performance-related pay or bonuses were paid to any employees, including the highest paid director, in either year. No employee earned more than the highest paid director in either year.

HES continues to be a Living Wage Accredited employer and is committed to fair pay and equitable pay practices.

In 2025-26, all staff received a 4% pay increase.

The pay band for the highest-paid director stayed the same as last year and because of this, the pay difference between the median employee and the highest-paid director narrowed slightly.

In summary, the pay changes in 2025-26 focused on lower-paid staff. Changes in the figures across salary bands reflect movements in workforce composition across the year.

Remuneration and Staff Report continued

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 (the "McCloud judgment").

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.

The accrued pension benefits, Cash Equivalent Transfer Value and single total figure of remuneration reported for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the PCSPS for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals who were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the PCSPS for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the alpha scheme for the period from 1 April 2015 to 31 March 2022.

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 at the website www.civilservicepensionscheme.org.uk.



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Remuneration and Staff Report continued

Staff Report

Staff costs – audited

Group and Charity staff costs comprise	2025-26 £000	2024-25 £000
Wages and salaries:		
– Permanent	56,664	51,832
– Other staff	5,095	5,194
Total wages and salaries	**61,759**	**57,026**
Social security costs	7,880	5,654
Employer's contributions to pension schemes	17,220	16,344
Agency temporary staff costs	425	634
Total employment costs	**87,284**	**79,658**
Less: Recoveries in respect of outward secondments	–	–
Add: Inward secondment costs	236	356
Total net costs	**87,520**	**80,014**

Employees who received pay and benefits, excluding pension costs, of more than £60,000:	2025-26	2024-25
Banding		
£60,000 – £69,999	25	35
£70,000 – £79,999	36	9
£80,000 – £89,999	4	5
£90,000 – £99,999	7	2
£100,000 – £109,999	–	1
£140,000 – £149,999	1	–
	73	**52**

Staff numbers – audited

The average number of full-time equivalent (FTE) staff employed for 2025-26, by occupational group, were:

Group and Charity	2025-26 Permanent FTE	2025-26 Other FTE	2025-26 FTE	2024-25 Permanent FTE	2024-25 Other FTE	2024-25 FTE
Chief Executives Office [29]	5	1	6	–	–	–
Cultural Assets	166	32	198	159	37	196
External Relations and Partnerships	37	4	41	42	6	48
Finance and Corporate Services	135	1	136	133	3	136
Heritage	123	9	132	122	14	136
Marketing and Engagement	171	12	183	171	11	182
Operations	744	86	830	729	86	815
People	40	4	44	38	5	43
Senior Management	9	1	10	8	–	8
Agency/temporary staff	–	27	27	–	39	39
	1,430	**177**	**1,607**	**1,402**	**201**	**1,603**

The average number of staff employed for 2025-26 were:

Group and Charity	2025-26 Headcount	2024-25 Headcount
Full time	1,366	1,359
Part time	443	426
	1,809	**1,785**

The average number of staff by band and legal sex for 2025-26 were:

Group and Charity

Band	2025-26 Male Headcount	2025-26 Female Headcount	2025-26 Total Headcount	2024-25 Male Headcount	2024-25 Female Headcount	2024-25 Total Headcount
Chief Executive	–	1	1	–	1	1
Interim Chief Operating Officer	1	–	1	–	–	–
Director	4	3	7	4	3	7
Grades 6-7	32	24	56	31	21	52
Grades 1-5	860	884	1,744	861	864	1,725
	897	**912**	**1,809**	**896**	**889**	**1,785**

29 Chief Executive's Office was previously reported within the External Relations and Partnerships occupational group.

Remuneration and Staff Report continued

Employee turnover

The employee turnover rate for 2025-26 was 14.3%, remaining broadly stable compared with 14.4% in 2024-25. Of this total, 7.9% related to voluntary leavers and 6.4% to non-voluntary leavers. Non-voluntary turnover includes the expiry of fixed term contracts (including seasonal roles), dismissals, and deaths in service. No redundancies are included in this figure, as the organisation continues to operate a no compulsory redundancy policy.

Sickness absence

In 2025-26, the average working days lost (AWDL) due to sickness absence was 10.3 days (2024-25: 10.5 days), representing a total of 15,822 days lost (2024-25: 16,394 days). This comprised an average of 4.06 days attributable to short-term absence (2024-25: 4.1 days) and 6.2 days attributable to long-term absence (2024-25: 6.4 days).

HES has a clear attendance management policy in place to ensure that sickness absence is managed and supported consistently and fairly. Employees also have access to Occupational Health services and the Employee Assistance Programme, both of which are actively promoted to colleagues.

The People Services team continues to work closely with managers to support the effective management of sickness absence. Regular case reviews are carried out with managers to identify and address issues at an early stage, understand individual circumstances, and provide appropriate support to help staff achieve and maintain regular attendance.

The People Services team also monitors and reviews sickness absence on a regular basis to identify recurring trends or areas where additional support may be required. This information is shared with line managers to support ongoing absence management and preventative action.

Colleague engagement survey

HES carries out a full colleague engagement survey every two years, with a Wellbeing Survey in the alternate years. In autumn 2025, we ran a Wellbeing Pulse Survey, which asked 16 questions and was sent to all colleagues.

We received a 52% response rate. The results show that many colleagues continue to have positive experiences within their teams and feel well supported by their line managers. However, overall engagement scores have declined from 6.8 in 2024 to 5.6 in 2025.

From the survey results, the Executive Leadership team agreed three key areas of focus:

- Leadership and direction
- Communication and transparency
- Wellbeing and work-life balance

The survey outcomes have informed the actions set out in the 2025-26 People Strategy Action Plan, with directorate-specific actions incorporated into individual directorate plans.

We remain committed to regular and open communication to ensure HES continues to be a great place to work. The last full engagement survey in September 2024 was completed by 64% of our people across the organisation with an overall Engagement Index score of 6.8 out of 10 (an increase of 0.6 from 2022). We have some high scores in some key areas regarding inclusion at work, support of colleagues and supportive line management discussions. However, there are areas where we still need to improve. A full Colleague Engagement Survey will be carried out in autumn 2026.

Equal opportunities and diversity

HES is committed to promoting equality of opportunity and fostering a diverse and inclusive workforce. Our approach is set out in our Equality Outcomes Reports. Our Equality Outcomes Report 2025-29 is our latest report.

These reports describe our policies and practices on equality and inclusion and include examples of activities, projects, and partnerships that have informed and influenced our work. They also provide information on workforce profiles and our gender pay gap position.

Our most recent gender pay gap data, published in the Mid-Term Equalities Report 2025, shows a continued low gender pay gap, with both the mean and median figures at 0%.

In October 2025 HES commissioned Diversity Scotland to carry out an independent equality audit to understand the current level of inclusion across the organisation. The remit was to examine our culture, systems, and practices and provide findings and recommendations. In March 2026 HES received the recommendations, the majority of which will now be taken forward.

HES recognises that there is under-representation within its workforce, particularly of disabled people and individuals from minority ethnic backgrounds.

One of the outcomes of the equality audit will be to review our advertising platforms following the recruitment transformation project to ensure these encourage applications from a diverse background. We also provide enhanced guidance to potential candidates on how to anonymise their CV and covering letters to remove any identifiable information.

HES is a Level 3 Disability Confident Employer and is committed to providing equal opportunities for disabled people. Applications from disabled candidates are given full and fair consideration, and a guaranteed interview is offered to disabled applicants who meet the essential criteria for advertised roles. We recognise that disabled people bring a wide range of valuable skills and experience and are committed to ensuring they are supported to contribute fully in line with their abilities. We also work proactively with disability-led and accessibility organisations to improve our practice and lead by example as an employer.

To demonstrate due regard under the Equality Act 2010, HES has established an equality impact assessment process, supported by a dedicated toolkit, to evidence compliance with the public sector equality duty.

The Equality Outcomes for 2025–29 are:

- **Our society:** empowering underrepresented communities to shape change and creating opportunities that promote equality and justice.
- **Our services:** removing barriers to access and creating meaningful engagement opportunities for everyone.
- **Our people:** building a diverse and inclusive workplace where people feel valued and able to be themselves.

Remuneration and Staff Report continued

Occupational health, fire, safety and physical security

HES is committed to meeting, and where reasonably practicable, exceeding regulatory standards for staff, contractors, visitors and others who may be affected by our work activities or when visiting our sites.

We had no staff or visitor Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) events this financial year.

Staff accidents have decreased by 3% from the previous financial year and visitor accidents have increased by 4%. During the same period, visitor numbers have increased by 4%.

The leading cause of accidents in 2025-26 was Slip/Trip/Fall (either on same level or on stairs), accounting for 33 staff accidents and 203 visitor accidents.

The table below shows RIDDOR reportable incidents, as well as recorded visitor and staff accidents.

	2025-26	2024-25
RIDDOR incidents	–	6
Visitor accidents	347	335
Staff accidents	105	108

Trained health and safety staff representatives are present at all HES staffed sites, as well as a small corporate team of health and safety, fire and physical security advisers. They provide advice and guidance to staff and promote safe working, as well as conducting routine inspections and audits.

Fire Safety Advisors continue to assist sites with ensuring fire risk assessments and emergency fire response plans are updated and site teams have been provided with specific Fire Precautions Officers training.

HES has commenced its Safety Compliance Improvement Programme (SCIP), which will increase awareness and compliance with all aspects of health, safety, fire and physical security risk. The Programme Board includes key senior stakeholders who are utilising an evidence-based, data-led prioritisation methodology to identify significant risks and mitigation measures. The Programme Board is also identifying an effective digital solution to increase accessibility and visibility of health, fire, safety and physical security performance.

Our staff complete annual training in relation to physical security risk management and counter-terrorism which supports and enhances a positive security culture at our sites and offices. Our Physical Security team provide advice in relation to aspects of physical security for colleagues, visitors, properties, assets, collections and events. Additional training in relation to incident response, dealing with protestors and hostile reconnaissance has been developed both internally and through Police Scotland, and delivered to colleagues at some of our busier sites.

In preparation for the implementation of the Terrorism Protection of Premises Act 2025 (Martyn's Law) across the UK in 2027, HES has established a Martyn's Law Project Board under the Safety Compliance Improvement Programme, chaired by a dedicated Project Manager. Work is underway to meet the legislative requirements of the Act both in terms of public protection procedures and public protection measures for all sites in scope.

Additionally, HES runs programmes of airborne contaminant monitoring and health surveillance checks for staff, plus optional vaccinations and lifestyle health checks for all staff. Additionally, the Wellbeing and Engagement team at HES runs regular events and shares information across a range of wellbeing topics, as well as organising stress and mental health awareness training for all colleagues.

Learning and development

HES invests in developing our people so that they have the skills and capability needed to carry out their roles effectively and to support delivery of our Corporate Plan and long-term vision.

We offer a wide range of learning opportunities, including elearning, classroom and online workshops, on-the-job learning, mentoring, and colleague learning communities. These approaches help ensure that development is accessible and relevant across the organisation.

During the year, we introduced a new Learning Management System, giving colleagues easier access to our full learning offer through a clear online catalogue. The system also supports our new performance approach, which places personal and professional growth at the centre of performance and capability discussions.

We continued to refine our Health and Safety training matrix to ensure colleagues receive the right compliance-based training for their roles. We also strengthened our annual mandatory e-learning programme, resulting in a 100% completion rate this year.

We further invested in our workforce through our Skills Experience Roles, which help colleagues build new skills or deepen existing expertise. This includes formal development such as apprenticeships and professional qualifications, benefiting both individuals and the wider organisation.

Employee consultation

The organisation places significant importance on effective communication with employees, recognising its role in supporting engagement, transparency and organisational performance. Communication is delivered through a range of channels, including the HESNet online portal, organisation-wide colleague notices, a quarterly newsletter and regular briefing sessions.

In addition, the HES Partnership Forum provides a structured and effective mechanism for dialogue between management and recognised trade unions, enabling the discussion of matters of shared interest or concern. These arrangements help ensure that colleagues are kept informed, have the opportunity to contribute views, and that issues are addressed constructively and collaboratively.

Trade union relationships

HES works in partnership with its three recognised trade unions: Unite the Union, the Public and Commercial Services Union (PCS), and Prospect. A Partnership Agreement sets out our joint approach to managing employment relations and reinforces the relationship between management and the trade unions, providing a voice for employees across the organisation

From 2025-26, HES is no longer required to report trade union facility time, as the statutory publication requirement under the Trade Union (Facility Time Publication Requirements) Regulations 2017 no longer applies.

Volunteers

In 2025-26, HES engaged 304 volunteers, compared with 474 in 2024-25. Sessional and regular volunteers contributed 4,265 hours (2024-25: 3,985), equal to 609 volunteering days (2024-25: 569 days). Volunteers supported a range of roles across our sites and collections, including visitor engagement, events, conservation, ranger activity, music and digital work.

HES also offers short micro-volunteering opportunities, both online and in person. Digital micro-volunteering contributions fell to 2,614 in 2025-26, mainly due to the closure of Scran and MyCanmore before a new route was available through trove.scot. In-person recording is still being developed, but we are able to report that 78 people contributed 270 hours during the BioBlitz event at the Arbroath Abbey.

Remuneration and Staff Report continued

Expenditure on consultancy

Expenditure on consultancy for 2025-26 was £59,000 (2024-25: £153,000).

Exit packages – audited

Exit package cost band	Voluntary departures agreed 2025-26 Number	Cost of exit package 2025-26 £000	Voluntary departures agreed 2024-25 Number	Cost of exit package 2024-25 £000
<£10,000	–	–	–	–
£10,000 – £25,000	–	–	–	–
£25,000 – £50,000	1	28	–	–
>£50,000	–	–	1	50
	1	28	1	50

Redundancy and other departure costs are paid in line with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. These costs are fully recorded in the year the employee leaves HES. Where HES agrees to an early retirement, the additional costs are paid by HES and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are therefore not included in the figures shown in the table.



Parliamentary accountability
Cunntachalachd dhan Phàrlamaid

Losses and special payments

There were no losses or special payments during 2025-26 requiring to be disclosed (2024-25: none).

Fees and charges

HES does not levy any statutory fees or charges for its regulatory services and there were none during 2025-26 requiring to be disclosed (2024-25: none).

Gifts

There were no gifts made during 2025-26 (2024-25: none).

Remote contingent liabilities

There were no remote contingent liabilities as at 31 March 2026 or as at 31 March 2025.

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 64.

Executive Leadership Team
Day-to-day management of HES is delegated to the Executive Leadership Team and members are set out on page 66.

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

This Accountability Report has been approved by:

Stephen Uphill 8 October 2026

Stephen Uphill
Interim Chief Executive and Accountable Officer

This Trustees' Annual Report (comprising the Performance Report and Accountability Report) has been approved by the Board and authorised for issue.

Ronnie Hinds 8 October 2026

Ronnie Hinds
Interim Chair


HISTORIC ENVIRONMENT SCOTLAND
ARAINNEACH EACHDRAIDH ALBA
VOLUNTEERING
FIND OUT MORE

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 and its group for the year ended 31 March 2026 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 affairs of the body and its group as at 31 March 2026 and of the 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 27 May 2025. My period of appointment is three years, covering 2024/25 to 2026/27. I am independent of the body and its group 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 ability of the body and its group 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 current or future financial sustainability of the body and its group. However, I report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from 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 and its group 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 skillfulness 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 https://www.frc.org.uk/library/standards-codes-policy/audit-assurance-and-ethics/auditors-responsibilities-for-the-audit/. This description forms part of my auditor's report.

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 part 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 Introduction, 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.



8 October 2026

Lisa Duthie
Audit Director
Audit Scotland
4th Floor
Athenaeum Building
Nelson Mandela Place
Glasgow G2 1BT

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

Financial statements
Year ended: 31 March 2026

Cunntasan bliadhnail
Bliadhna chrìochnaichte: 31 Màrt 2026

Consolidated statement of financial activity for the year ended 31 March 2026

	Note	Unrestricted £000	Restricted £000	2025-26 Total £000	Unrestricted £000	Restricted £000	2024-25 Total £000
Income from:							
Government grant in aid		69,340	–	69,340	69,342	–	69,342
Charitable activities	3	58,249	1,823	60,072	51,394	1,725	53,119
Other trading activities	4	21,292	–	21,292	21,380	–	21,380
Donations and legacies		342	–	342	203	–	203
Other income	5	532	–	532	577	–	577
Total income		**149,755**	**1,823**	**151,578**	**142,896**	**1,725**	**144,621**
Expenditure on:							
Raising funds	6	(18,902)	–	(18,902)	(17,008)	–	(17,008)
Charitable activities	7	(119,009)	(1,482)	(120,491)	(113,251)	(1,993)	(115,244)
Grants	8	(16,700)	–	(16,700)	(10,000)	–	(10,000)
Total expenditure		**(154,611)**	**(1,482)**	**(156,093)**	**(140,259)**	**(1,993)**	**(142,252)**
Net (expenditure)/income		**(4,856)**	**341**	**(4,515)**	**2,637**	**(268)**	**2,369**
Transfers between funds	25	–	–	–	–	–	–
Gain on revaluation of fixed assets	28	5,199	–	5,199	1,719	–	1,719
Net movement in funds		**343**	**341**	**684**	**4,356**	**(268)**	**4,088**
Reconciliation of funds							
Total funds brought forward		26,465	2,813	29,278	22,109	3,081	25,190
Total funds carried forward	25	**26,808**	**3,154**	**29,962**	**26,465**	**2,813**	**29,278**

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 101 to 136 form part of these financial statements.

Charity statement of financial activity for the year ended 31 March 2026

	Note	Unrestricted £000	Restricted £000	2025-26 Total £000	Unrestricted £000	Restricted £000	2024-25 Total £000
Income from:							
Government grant in aid		69,340	–	69,340	69,342	–	69,342
Charitable activities	3	58,249	1,823	60,072	51,394	1,725	53,119
Trading subsidiary donation		3,825	–	3,825	5,579	–	5,579
Donations and legacies		342	–	342	203	–	203
Other income	5	8,777	–	8,777	8,058	–	8,058
Total income		**140,533**	**1,823**	**142,356**	**134,576**	**1,725**	**136,301**
Expenditure on:							
Charitable activities	7	(119,009)	(1,482)	(120,491)	(113,251)	(1,993)	(115,244)
Grants	8	(16,700)	–	(16,700)	(10,000)	–	(10,000)
Other	10	(9,680)	–	(9,680)	(8,688)	–	(8,688)
Total expenditure		**(145,389)**	**(1,482)**	**(146,871)**	**(131,939)**	**(1,993)**	**(133,932)**
Net (expenditure)/income		**(4,856)**	**341**	**(4,515)**	**2,637**	**(268)**	**2,369**
Transfers between funds	25	–	–	–	–	–	–
Gain on revaluation of fixed assets	28	5,199	–	5,199	1,719	–	1,719
Net movement in funds		**343**	**341**	**684**	**4,356**	**(268)**	**4,088**
Reconciliation of funds							
Total funds brought forward		26,465	2,813	29,278	22,109	3,081	25,190
Total funds carried forward	25	**26,808**	**3,154**	**29,962**	**26,465**	**2,813**	**29,278**

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 101 to 136 form part of these financial statements.

Consolidated and charity balance sheets as at 31 March 2026

	Note	2025-26 Group £000	2025-26 Charity £000	2024-25 Group £000	2024-25 Charity £000
Fixed assets:					
Intangible assets	15	4,947	4,947	3,827	3,827
Tangible assets	16	49,797	49,797	45,902	45,902
Heritage assets	17	361	361	361	361
Investments	18	–	–	–	–
Total fixed assets		**55,105**	**55,105**	**50,090**	**50,090**
Current assets:					
Stocks	19	3,750	393	3,267	381
Debtors	20	4,288	7,076	4,123	9,161
Cash at bank and in hand		24,134	23,781	21,954	19,485
Total current assets		**32,172**	**31,250**	**29,344**	**29,027**
Current liabilities:					
Creditors: amounts falling due within one year	21	(40,361)	(39,460)	(37,912)	(37,611)
Net current liabilities		**(8,189)**	**(8,210)**	**(8,568)**	**(8,584)**
Total assets less current liabilities		**46,916**	**46,895**	**41,522**	**41,506**
Creditors: amounts falling due after one year	22	(11,629)	(11,608)	(6,424)	(6,408)
Provisions for liabilities	24	(5,325)	(5,325)	(5,820)	(5,820)
Net assets		**29,962**	**29,962**	**29,278**	**29,278**
Funds:					
Restricted funds	25	**3,154**	**3,154**	**2,813**	**2,813**
General reserve	25	(2,910)	(2,910)	1,031	1,031
Designated funds	25	728	728	728	728
Revaluation reserve	28	28,990	28,990	24,706	24,706
Unrestricted funds		**26,808**	**26,808**	**26,465**	**26,465**
Total funds		**29,962**	**29,962**	**29,278**	**29,278**

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

Ronnie Hinds 8 October 2026

Ronnie Hinds
Chair

Stephen Uphill 8 October 2026

Stephen Uphill
Interim Chief Executive and Accountable Officer

The notes on pages 101 to 136 form part of these financial statements.

Consolidated and charity cash flow statements for the year ended 31 March 2026

	Note	2025-26 Group £000	2025-26 Charity £000	2024-25 Group £000	2024-25 Charity £000
Reconciliation of net (expenditure)/income to net cash flow from operating activities					
Net (expenditure)/income		(4,515)	(4,515)	2,369	2,369
Adjustments for					
Depreciation	16	2,623	2,623	2,495	2,495
Amortisation	15	383	383	188	188
Impairment of fixed assets	16	–	–	7	7
Loss on disposal of fixed assets	16	12	12	75	75
Increase in stock	19	(483)	(12)	(255)	(5)
(Increase)/decrease in debtors	20	(165)	2,085	161	(1,584)
Increase/(decrease) in creditors	21,22	7,654	7,049	(5,215)	(5,412)
(Decrease)/increase in provisions	24	(495)	(495)	1,537	1,537
Net cash generated from operating activities		**5,014**	**7,130**	**1,362**	**(330)**
Cash flows from investing activities					
Purchase of fixed assets	15,16	(2,834)	(2,834)	(2,928)	(2,928)
Net cash used in investing activities		**(2,834)**	**(2,834)**	**(2,928)**	**(2,928)**
Net increase/(decrease) in cash		**2,180**	**4,296**	**(1,566)**	**(3,258)**
Cash at the beginning of period		21,954	19,485	23,520	22,743
Cash at the end of period		**24,134**	**23,781**	**21,954**	**19,485**
The balances were held at:					
Government Banking Service		21,644	21,644	17,304	17,304
Commercial bank and cash in hand		2,490	2,137	4,650	2,181
Cash at the end of period		**24,134**	**23,781**	**21,954**	**19,485**

The notes on pages 101 to 136 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);
- the 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 2025-26 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 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. Further information is disclosed within the Financial review on page 36.

c. Basis of consolidation

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

The reporting date of the financial statements for both HES and its subsidiary is 31 March 2026. 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 36.

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 institutions and individuals 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 have 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

Tangible fixed assets are recognised at depreciated historic cost with the exception of land, buildings and dwellings which are held at fair value.

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

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

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 HES's operations 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 (note 1k) sets out accounting for the heritage land, buildings, and dwellings.

Operational land, buildings and dwellings include 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.

1. Accounting policies (continued)

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, IT hardware and plant and equipment

Motor vehicles, IT hardware 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.

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.

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
IT hardware	3 to 10 years
Plant and equipment	5 to 25 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

Intangible fixed assets are recognised at depreciated historic cost.

The capitalisation thresholds for intangible fixed assets are £1,000 for IT software 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
IT software	3 to 10 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.

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 the 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 reliable valuation cannot be obtained due to the number and diversity 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.

When new archive or collection items are acquired, the heritage fixed asset is recognised at historic cost. The capitalisation threshold for heritage fixed assets is £10,000. Purchases of archive or collection items below the capitalisation threshold are charged to the statement of financial activity when they are incurred.

Conservation costs

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

1. Accounting policies (continued)

l. Investments

Investment in Historic Environment Scotland Enterprises Limited 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 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 the reporting date. Exchange differences are recorded in the statement of financial activity.

t. Impact of updated Financial Reporting Standards

The Charity SORP has been updated. The Charities SORP 2026 is applicable to accounting periods starting on or after 1 January 2026.

HES will adopt Charities SORP 2026 for the financial year ending 31 March 2027. HES has assessed the likely impact and the new lease accounting requirements of the Charities SORP 2026 are expected to have a material impact on the financial statements.

HES expects to recognise right-of-use assets of £11 million and related lease liabilities of £11.2 million as at 31 March 2027. The new lease accounting requirements are also expected to increase expenditure for the year to 31 March 2027 by £28,000.

1. Accounting policies (continued)

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 2026 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 2026 is reported in the tangible fixed assets note (note 16) and the impact of the valuation as at 31 March 2026 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 2026. The carrying amounts of land, buildings and dwellings not subject to valuation as at 31 March 2026 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 2021-22 to 2024-25), 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 provisions 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 provisions for liabilities note (note 24).

3. Income from charitable activities – group and charity

	2025-26			2024-25		
	Unrestricted £000	Restricted £000	Total £000	Unrestricted £000	Restricted £000	Total £000
Admissions	51,281	–	51,281	44,888	–	44,888
Membership	5,200	–	5,200	5,103	–	5,103
Audio tours	1,154	–	1,154	996	–	996
Imaging sales – charitable	24	–	24	43	–	43
Third party services	153	–	153	103	–	103
Visitor events	129	–	129	89	–	89
Historic Scotland Foundation grants	–	93	93	–	133	133
Partnership funding	88	1,730	1,818	(16)	1,592	1,576
Other	220	–	220	188	–	188
Total	**58,249**	**1,823**	**60,072**	**51,394**	**1,725**	**53,119**

4. Income from other trading activities – group

	2025-26 Unrestricted £000	2024-25 Unrestricted £000
Retail and catering	16,463	15,274
Imaging sales – trading	1,844	3,211
Events and venue hire	2,435	2,393
Other	550	502
Total	**21,292**	**21,380**

5. Other income

Group	2025-26 Unrestricted £000	2024-25 Unrestricted £000
Other	532	577
Total	**532**	**577**

Charity	2025-26 Unrestricted £000	2024-25 Unrestricted £000
Recharges for personnel and services	8,245	7,390
Intercompany loan interest	–	91
Other	532	577
Total	**8,777**	**8,058**

6. Expenditure on raising funds – group

	2025-26 Unrestricted £000	2024-25 Unrestricted £000
Direct salaries	6,062	5,472
Direct costs	9,199	8,282
Support costs	3,233	2,909
Depreciation	408	345
Total	**18,902**	**17,008**

7. Expenditure on charitable activities – group and charity

	Operations £000	Cultural Assets £000	Marketing and Engagement £000	Heritage £000	External Relations and Partnership £000	2025-26 Total £000
Direct salaries	37,937	11,441	6,416	8,425	2,106	66,325
Direct costs	18,493	4,127	5,734	1,079	509	29,942
Support costs	12,776	3,484	2,632	2,153	603	21,648
Depreciation	1,510	417	325	254	70	2,576
Impairment	–	–	–	–	–	–
Total	**70,716**	**19,469**	**15,107**	**11,911**	**3,288**	**120,491**
Unrestricted	70,671	18,715	14,477	11,865	3,281	119,009
Restricted	45	754	630	46	7	1,482
Total	**70,716**	**19,469**	**15,107**	**11,911**	**3,288**	**120,491**

	Operations £000	Cultural Assets £000	Marketing and Engagement £000	Heritage £000	External Relations and Partnership £000	2024-25 Total £000
Direct salaries	34,254	11,198	6,153	7,910	1,929	61,444
Direct costs	19,609	3,602	5,704	1,364	517	30,796
Support costs	12,137	3,305	2,555	2,100	581	20,678
Depreciation	1,354	372	298	233	62	2,319
Impairment	–	7	–	–	–	7
Total	**67,354**	**18,484**	**14,710**	**11,607**	**3,089**	**115,244**
Unrestricted	67,348	18,130	13,783	10,930	3,060	113,251
Restricted	6	354	927	677	29	1,993
Total	**67,354**	**18,484**	**14,710**	**11,607**	**3,089**	**115,244**

8. Expenditure on grants – group and charity

	2025-26 £000	2024-25 £000
Grants payable	15,678	9,032
Direct salaries	731	672
Direct costs	83	101
Support costs	186	176
Depreciation	22	19
Total	**16,700**	**10,000**

	2025-26 £000	2024-25 £000
Grants invested from current year funding	10,780	12,357
Grants returned to HES	–	–
Movement in grant commitments from future funding	4,898	(3,325)
Grants payable	**15,678**	**9,032**

9. Support costs – group and charity

Group

	Raising Funds £000	Charitable Activities £000	Grants £000	2025-26 Total £000
Information systems	1,371	8,646	72	10,089
Office running costs	554	3,494	30	4,078
Finance	403	2,544	22	2,969
HR	200	2,184	21	2,405
Chief executive's office	244	1,542	13	1,799
Information governance	119	752	6	877
Health, safety, and security	73	792	8	873
Governance	63	395	3	461
Project management office	78	491	4	573
Corporate analysis and performance	54	340	3	397
Communications	74	468	4	546
Total	3,233	21,648	186	25,067

	Raising Funds £000	Charitable Activities £000	Grants £000	2024-25 Total £000
Information systems	1,177	7,894	66	9,137
Office running costs	585	3,921	32	4,538
Finance	373	2,499	21	2,893
HR	190	2,171	21	2,382
Chief executive's office	192	1,295	11	1,498
Information governance	106	709	6	821
Health, safety, and security	58	665	6	729
Governance	52	347	3	402
Project management office	71	479	4	554
Corporate analysis and performance	49	325	3	377
Communications	56	375	3	434
Other	–	(2)	–	(2)
Total	2,909	20,678	176	23,763

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

	2025-26 £000	2024-25 £000
Direct salaries	6,039	5,434
Support costs	3,233	2,909
Depreciation	408	345
Total	**9,680**	**8,688**

'Expenditure on other' comprises costs incurred by the Charity in providing personnel and support services to Historic Environment Scotland Enterprises Limited.

11. Grants – group and charity

	2025-26 £000	2024-25 £000
Grants commitment at beginning of period	28,680	32,117
Grants awarded	15,754	9,055
Grants reduced	(57)	(77)
Grants paid in year	(10,639)	(12,415)
Grants commitment at end of period	**33,738**	**28,680**

	2025-26 £000	2024-25 £000
Accrual for grants payable falling due within one year	21,770	21,689
Accrual for grants payable falling due outside one year	9,971	4,977
Grant retentions falling due within one year	1,034	1,226
Grant retentions falling due outside one year	963	788
Grants commitment at end of period	**33,738**	**28,680**

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 2026, indicative authorisations were £12,590,000 (2024-25: £11,070,000).

Grants awarded:

	Institutions £000	Individuals £000	2025-26 Total £000	Institutions £000	Individuals £000	2024-25 Total £000
Archaeology Programme Funding	17	–	17	114	44	158
City Heritage Trust	797	–	797	862	–	862
Conservation Area Regeneration Scheme	386	–	386	–	–	–
Heritage and Place Programme	5,458	–	5,458	980	–	980
Historic Environment Grants	1,608	29	1,637	1,506	8	1,514
Historic Environment Repair Grants	2,738	–	2,738	1,568	–	1,568
Historic Environment Support Fund	–	–	–	7	2	9
Organisational Support Fund	–	–	–	53	–	53
Partnership Fund	4,721	–	4,721	3,912	–	3,912
Total	**15,725**	**29**	**15,754**	**9,002**	**54**	**9,056**

Information of our grants policy can be found on page 42.

12. Expenditure disclosures

Auditor's remuneration for statutory audit work	2025-26 £000	2024-25 £000
Historic Environment Scotland[30]	151	115
Historic Environment Scotland Enterprises Limited	13	12
Total	**164**	**127**

Auditor's remuneration for other services	2025-26 £000	2024-25 £000
Remuneration for internal audit services provided to Historic Environment Scotland by the auditor of Historic Environment Scotland Enterprises Limited	6	–
Total	**6**	**–**

Board members' expenses	2025-26 £000	2024-25 £000
Accommodation, travel, and subsistence incurred by or on behalf of board members	**2**	**6**

	2025-26 Number	2024-25 Number
Number of board members who served during the year	16	15
Number of board members who claimed expenses, or for whom payments were made to third parties on their behalf (e.g. for accommodation, travel, or subsistence)	7	12

30 Auditors remuneration reported for 2025-26 includes £31,000 additional fees charged for the 2024-25 statutory audit.

13. Staff costs – group and charity

Staff costs for the year to 31 March 2026 were £87,520,000 (2024-25: £80,014,000). Further analysis of these costs is shown within the Remuneration and Staff Report on page 74.

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 2024. Details can be found on the Gov.uk website (https://www.gov.uk/government/publications/2024-valuation-civil-service-pension-scheme).

For the year to 31 March 2026, employers' contributions of £17,038,000 (2024-25: £16,178,000) were payable to the PCSPS and alpha at 28.97% (2024-25: 28.97%) of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to cover the cost of the pensions benefits earned by members during the period and not the benefits paid during this period to existing pensioners. The anticipated employers' contributions for the year to 31 March 2027 are £19,521,000.

Employees can opt to open a partnership pension account – a stakeholder pension with an employer contribution. Employer contributions of £176,000 (2024-25: £161,000) 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 £6,000 (2024-25: £5,000), 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 £31,000 (2024-25: £26,000). £nil contributions were prepaid at that date (2024-25: £nil).

Key management personnel remuneration is disclosed within the Remuneration and Staff Report on page 74.

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 Document. Grant in aid funding received from the Scottish Government is reported in the consolidated statement of financial activity on page 97.

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:

	2025-26 £000	2024-25 £000
Supply of personnel and support services from HES to HESe	8,245	7,390
Intercompany loan interest from HESe to HES	–	91
Charitable donation from HESe to HES	3,825	5,579
Total	**12,070**	**13,060**

Amount receivable from/due to group undertakings:

	Debtors receivable 2025-26 £000	Creditors outstanding 2025-26 £000	Debtors receivable 2024-25 £000	Creditors outstanding 2024-25 £000
HESe – charitable donation	3,325	–	5,579	–
HESe – intercompany account	265	–	–	516
Total	**3,590**	**–**	**5,579**	**516**

14. Related parties – group and charity continued:

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 on 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.

JPS Restoration

HES director Dr David Mitchell's sister and brother-in-law own the company JPS Restoration. HES incurred costs of £3,000 in 2025-26 (2024-25: £6,000). Amounts due from HES were £Nil as at 31 March 2026 (2024-25: £Nil).

The Malt Whisky Trail Ltd

HES director Stephen Duncan is a board member of The Malt Whisky Trail Ltd. HES incurred costs of £4,000 in 2025-26 (2024-25: £3,000). Amounts due from HES were £Nil (2024-25: £Nil).

Scotland's Towns Partnership

HES director Alison Turnbull is a director for Scotland's Towns Partnership. HES made payments of previously awarded grants of £6,000 in 2025-26 (2024-25: £6,000[31]). Amounts due from HES were £Nil as at 31 March 2026 (2024-25: £Nil).

The Built Environment Forum Scotland

HES board member Ian Baxter is chair of The Built Environment Forum Scotland Historic Environment Working Group. HES incurred costs of £5,000 (November 2024 to March 2025: £Nil). HES made payments of previously awarded grants of £230,000 (November 2024 to March 2025: £59,000). Amounts due from HES as at 31 March 2026 were £Nil (2024-25: £Nil). Grants committed by HES as at 31 March 2026 were £378,000 (November 2024 to March 2025: £Nil).

The Society of Antiquaries of Scotland

HES board member Ian Baxter is a trustee of The Society of Antiquaries of Scotland. HES incurred costs of £11,000 (November 2024 to March 2025: £11,000). HES made payments of previously awarded grants of £433,000 (November 2024 to March 2025: £164,000). Amounts due from HES as at 31 March 2026 were £Nil (2024-25: £7,000).

University of Edinburgh

HES board members Nkosana Mafico and David Richardson are employees of Edinburgh University. HES received payments of £2,000 (2024-25: £Nil). Amounts owed to HES at 31 March 2026 were £Nil (2024-25: £Nil). HES incurred costs of £7,000 (2024-25: £16,000). HES made payments of previously awarded grants of £25,000 (2024-25: £30,000). Amounts due from HES as at 31 March 2026 were £Nil (2024-25: £Nil).

31 Restated from £12,000 to £6,000.

Association of Scottish Visitor Attractions

HES director Gillian MacDonald is a director of the Association of Scottish Visitor Attractions. HES incurred costs of £3,000 between October 2025 and March 2026. Amounts due from HES were £Nil as at 31 March 2026. Prior year comparatives have not been provided as a related party relationship did not exist in 2024-25.

The Royal Edinburgh Military Tattoo (Charities) Ltd

HES director Ray Macfarlane is a trustee of The Royal Edinburgh Military Tattoo (Charities) Ltd. HES incurred costs of £19,000 between November 2025 and March 2026. Amounts due from HES were £Nil as at 31 March 2026. Amounts due to HES were £168,000 as at 31 March 2026. Prior year comparatives have not been provided as a related party relationship did not exist in 2024-25.

Other than as disclosed above, none of the board members, members of key management personnel or related parties have 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 HES website.

15. Intangible assets – group and charity

	Archive rights £000	IT software £000	Assets under construction £000	Total £000
Cost				
As at 1 April 2024	**54**	**4,844**	**2,423**	**7,321**
Additions	–	4	1,411	1,415
Transfers	–	3,261	(3,261)	–
Disposals	–	(8)	–	(8)
As at 31 March 2025	**54**	**8,101**	**573**	**8,728**
Additions	–	–	1,503	1,503
Transfers	–	848	(848)	–
Disposals	–	–	–	–
As at 31 March 2026	**54**	**8,949**	**1,228**	**10,231**
Accumulated amortisation				
As at 1 April 2024	**(54)**	**(4,667)**	–	**(4,721)**
Charge for the year	–	(188)	–	(188)
Disposals	–	8	–	8
As at 31 March 2025	**(54)**	**(4,847)**	–	**(4,901)**
Charge for the year	–	(383)	–	(383)
Disposals	–	–	–	–
As at 31 March 2026	**(54)**	**(5,230)**	**–**	**(5,284)**
Net book value				
As at 31 March 2024	–	177	2,423	2,600
As at 31 March 2025	–	3,254	573	3,827
As at 31 March 2026	**–**	**3,719**	**1,228**	**4,947**

Amortisation of archive rights is included within expenditure on charitable activities within the statement of financial activity. The IT software costs are included within 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	IT hardware £000	Plant & equipment £000	Works of art £000	Assets under construction £000	Total £000
Cost or valuation									
As at 1 April 2024	**3,740**	**35,897**	**4,929**	**2,671**	**8,707**	**7,975**	**2,331**	**197**	**66,447**
Additions	–	–	–	–	585	104	–	824	1,513
Transfers	–	60	–	–	390	98	–	(548)	–
Disposals	–	(98)	–	(314)	(34)	(67)	–	–	(513)
Revaluations	128	472	156	–	–	–	–	–	756
Impairments	–	–	–	–	–	–	–	(7)	(7)
As at 31 March 2025	**3,868**	**36,331**	**5,085**	**2,357**	**9,648**	**8,110**	**2,331**	**466**	**68,196**
Additions	–	–	–	7	209	164	–	951	1,331
Transfers	–	1,207	–	–	–	–	–	(1207)	–
Disposals	–	–	(14)	(200)	(7)	(36)	–	–	(257)
Revaluations	10	413	5	–	–	–	–	–	428
Impairments	–	–	–	–	–	–	–	–	–
As at 31 March 2026	**3,878**	**37,951**	**5,076**	**2,164**	**9,850**	**8,238**	**2,331**	**210**	**69,698**
Accumulated depreciation and impairment									
As at 1 April 2024	**(7)**	**(2,575)**	**(513)**	**(2,470)**	**(7,614)**	**(6,967)**	**(1,054)**	**–**	**(21,200)**
Charge for the year	–	(1,153)	(201)	(80)	(646)	(379)	(36)	–	(2,495)
Transfers	–	–	–	–	–	–	–	–	**–**
Disposals	–	22	–	314	34	68	–	–	438
Revaluations	–	731	232	–	–	–	–	–	963
Impairments	–	–	–	–	–	–	–	–	**–**
As at 31 March 2025	**(7)**	**(2,975)**	**(482)**	**(2,236)**	**(8,226)**	**(7,278)**	**(1,090)**	**–**	**(22,294)**
Charge for the year	–	(1,253)	(224)	(64)	(676)	(370)	(36)	–	**(2,623)**
Transfers	–	–	–	–	–	–	–	–	**–**
Disposals	–	–	3	200	6	36	–	–	**245**
Revaluations	7	4,099	665	–	–	–	–	–	**4,771**
Impairments	–	–	–	–	–	–	–	–	
As at 31 March 2026	**–**	**(129)**	**(38)**	**(2,100)**	**(8,896)**	**(7,612)**	**(1,126)**	**–**	**(19,901)**

16. Tangible assets – group and charity continued:

Net book value									
As at 31 March 2024	3,733	33,322	4,416	201	1,093	1,008	1,277	197	45,247
As at 31 March 2025	3,861	33,356	4,603	121	1,422	832	1,241	466	45,902
As at 31 March 2026	**3,878**	**37,822**	**5,038**	**64**	**954**	**626**	**1,205**	**210**	**49,797**

Historic cost									
As at 31 March 2024	1,450	10,248	1,766	201	1,093	1,008	1,277	197	17,240
As at 31 March 2025	1,450	9,079	1,565	121	1,422	832	1,241	466	16,176
As at 31 March 2026	**1,450**	**9,033**	**1,330**	**64**	**954**	**626**	**1,205**	**210**	**14,872**

Valuation of land, buildings and dwellings

At 31 March 2026, 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.

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. Purchases after this date are included in the dwellings 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 sets 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 our heritage assets accounting policy (note 1k), HES does not recognise these assets on its balance sheet, with the exception of 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:

- Archives – over five million archival items relating to all aspects of the historic environment of Scotland.
- Properties in Care Associated Collections (PICACs) – over 47,000 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.

As set out in our heritage assets accounting policy (note 1k), 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:

Collections	2025-26 £000	2024-25 £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:

	2025-26 £000	2024-25 £000
Income	21,292	21,380
Expenditure	(17,467)	(15,801)
Profit	**3,825**	**5,579**
Charitable donation to HES	**3,825**	**5,579**

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

	2025-26 £000	2024-25 £000
Current assets	4,512	6,413
Creditors: amounts falling due within one year	(4,491)	(6,397)
Creditors: amounts falling due after more than one year	(21)	(16)
Net assets/(liabilities)	**–**	**–**

19. Stock

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

	2025-26 Group £000	2025-26 Charity £000	2024-25 Group £000	2024-25 Charity £000
Retail stocks net of obsolescence provision	3,357	–	2,886	–
Work stocks – raw materials and consumables	393	393	381	381
Total	**3,750**	**393**	**3,267**	**381**

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 2026 was £187,000 (2024-25: £128,000).

Retail stocks included as cost of sales for 2025-26 were £6,685,000 (2024-25: £6,129,000).

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

	2025-26 Group £000	2025-26 Charity £000	2024-25 Group £000	2024-25 Charity £000
Trade debtors	1,722	992	1,638	1,169
Amounts owed by group undertakings	–	3,590	–	5,579
Prepayments	1,632	1,560	1,862	1,790
Accrued income	575	575	420	420
Reimbursement of provisions	228	228	122	122
Other debtors	131	131	81	81
Total	**4,288**	**7,076**	**4,123**	**9,161**

21. Creditors: amounts falling due within one year

	2025-26 Group £000	2025-26 Charity £000	2024-25 Group £000	2024-25 Charity £000
Accrual for grants payable	21,770	21,770	21,689	21,689
Grant retentions	1,034	1,034	1,226	1,226
Trade payables	658	619	441	431
Amounts owing to group undertakings	–	–	–	516
Other payables	3,585	3,367	3,019	2,870
Accruals	8,303	7,980	8,286	7,852
Deferred income	5,011	4,690	3,251	3,027
Total	**40,361**	**39,460**	**37,912**	**37,611**

22. Creditors: amounts falling due after one year

	2025-26 Group £000	2025-26 Charity £000	2024-25 Group £000	2024-25 Charity £000
Accruals for grants payable	9,971	9,971	4,977	4,977
Grant retentions	963	963	788	788
Deferred income	695	674	659	643
Total	**11,629**	**11,608**	**6,424**	**6,408**

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 2025	3,910	3,670
Amounts released during the period	(3,056)	(2,857)
Amounts deferred during the period	4,852	4,551
Total deferred income as at 31 March 2026	**5,706**	**5,364**

24. Provisions for liabilities – group and charity

	Dilapidations £000	Pay & grading £000	Compensation payments £000	Other £000	Total £000
Balance as at 1 April 2025	**4,117**	**1,479**	**128**	**96**	**5,820**
Arising during the year	101	–	177	–	278
Utilised during the year	–	(819)	(14)	–	(833)
Unwinding of discount	156	–	–	–	156
Reversed unutilised	(33)	–	(63)	–	(96)
Balance as at 31 March 2026	**4,341**	**660**	**228**	**96**	**5,325**

The dilapidations provision relates to leasehold properties where HES has a legal responsibility as tenants for such costs. The estimate is based on an assessment of our legal obligations and the condition of properties.

The pay and grading provision relates to the new pay and grading arrangements communicated to staff in March 2025. The provision was part utilised during the year with salary increases backdated to October 2024 being paid in May 2025. The remaining balance relates to pension costs of the new arrangement and there was uncertainty on timing and amount of these costs as at the reporting date. The estimate was based on a detailed staff cost financial model.

The compensation payments provision relates to claims for accidents to HES staff and visitors to our sites. The outcome and date of any settlement for these claims was unknown at the reporting date. The estimate is based on information received about the progress of claims and likelihood of any potential liability. There is an expected reimbursement from our insurance provider for the compensation payments and this is reported as a reimbursement debtor in note 20.

25. Funds

	As at 1 April 2025 £000	Income £000	Expenditure £000	Transfer between reserves £000	Gains and losses £000	As at 31 March 2026 £000
Restricted funds – Group and Charity						
Heritage Lottery Fund (HLF) Engine Shed	2,399	–	(64)	–	–	**2,335**
Vinehill Trust Craft Your Career Fellowships	166	811	(292)	–	–	**685**
Art & Humanities Research Council (AHRC) Towards a National Collection (TANC)	61	397	(457)	–	–	**1**
AHRC – N-RICH Prototype	–	148	(149)	–	–	**(1)**
Funds less than £100,000	187	467	(520)	–	–	**134**
Total Restricted Funds – Group and Charity	**2,813**	**1,823**	**(1,482)**	**–**	**–**	**3,154**
Unrestricted funds – Group						
General reserve	1,031	149,755	(154,611)	915	–	(2,910)
Designated fund	728	–	–	–	–	728
Revaluation reserve	24,706	–	–	(915)	5,199	28,990
Total unrestricted funds – Group	**26,465**	**149,755**	**(154,611)**	**–**	**5,199**	**26,808**
Unrestricted funds – Charity						
General reserve	1,031	140,533	(145,389)	915	–	(2,910)
Designated fund	728	–	–	–	–	728
Revaluation reserve	24,706	–	–	(915)	5,199	28,990
Total unrestricted funds – Charity	**26,465**	**140,533**	**(145,389)**	**–**	**5,199**	**26,808**
All funds – Group	**29,278**	**151,578**	**(156,093)**	**–**	**5,199**	**29,962**
All funds – Charity	**29,278**	**142,356**	**(146,871)**	**–**	**5,199**	**29,962**

25. Funds (continued)

	As at 1 April 2024 £000	Income £000	Expenditure £000	Transfer between reserves £000	Gains and losses £000	As at 31 March 2025 £000
Restricted funds – Group and Charity						
Heritage Lottery Fund (HLF) Engine Shed	**2,432**	–	(33)	–	–	2,399
Historic Scotland Foundation (HSF) Trove.scot	**504**	–	(504)	–	–	–
HSF Geophysics	**11**	94	(101)	–	–	4
UK Gov Department of Science, Innovation & Technology	**–**	351	(338)	–	–	13
Vinehill Trust Craft Your Career Fellowships	**–**	261	(95)	–	–	166
Art & Humanities Research Council (AHRC) Fellowships	**–**	106	(106)	–	–	–
AHRC Towards a National Collection	**5**	650	(594)	–	–	61
Funds less than £100,000	**129**	263	(222)	–	–	170
Total restricted funds – Group and Charity	**3,081**	**1,725**	**(1,993)**	**–**	**–**	**2,813**
Unrestricted funds – Group						
General reserve	(3,795)	142,896	(139,024)	954	–	1,031
Designated fund	1,963	–	(1,235)	–	–	728
Revaluation reserve	23,941	–	–	(954)	1,719	24,706
Total unrestricted funds – Group	**22,109**	**142,896**	**(140,259)**	**–**	**1,719**	**26,465**
Unrestricted funds – Charity						
General reserve	(3,795)	134,576	(130,704)	954	–	1,031
Designated fund	1,963	–	(1,235)	–	–	728
Revaluation reserve	23,941	–	–	(954)	1,719	24,706
Total unrestricted funds – Charity	**22,109**	**134,576**	**(131,939)**	**–**	**1,719**	**26,465**
All funds – Group	**25,190**	**144,621**	**(142,252)**	**–**	**1,719**	**29,278**
All funds – Charity	**25,190**	**136,301**	**(133,932)**	**–**	**1,719**	**29,278**

Restricted funds

Fund	Restriction and use
Heritage Lottery Fund (HLF) Engine Shed	For the construction of the Engine Shed, a dedicated building conservation centre.
Vinehill Trust Craft Your Career Fellowships	To cover the delivery of 3 levels (Pre-Apprenticeships, Apprenticeships and Craft Fellowships) of traditional skills training across Scotland.
Art & Humanities Research Council (AHRC) Towards a National Collection (TANC)	To cover the costs of running the programme 'Towards a National Collection', creating a unified virtual 'national collection'.
AHRC N-RICH Prototype	To undertake preliminary activities, using evidence and tools from TANC to develop solutions to the challenges posed in creating a unified digital national collection.

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

	Fixed assets	Cash	Other net current liabilities	Creditors falling due outside one year	Provisions	2025-26 Total
Net Assets	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Group						
Restricted funds	2,335	819	–	–	–	3,154
General reserve	23,780	22,587	(32,323)	(11,629)	(5,325)	(2,910)
Designated fund	–	728	–	–	–	728
Revaluation reserve	28,990	–	–	–	–	28,990
Total funds	**55,105**	**24,134**	**(32,323)**	**(11,629)**	**(5,325)**	**29,962**
Charity						
Restricted funds	2,335	819	–	–	–	3,154
General reserves	23,780	22,234	(31,991)	(11,608)	(5,325)	(2,910)
Designated fund	–	728	–	–	–	728
Revaluation reserve	28,990	–	–	–	–	28,990
Total funds	**55,105**	**23,781**	**(31,991)**	**(11,608)**	**(5,325)**	**29,962**

	Fixed assets	Cash	Other net current liabilities	Creditors falling due outside one year	Provisions	2024-25 Total
Net Assets	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Group						
Restricted funds	2,399	414	–	–	–	2,813
General reserve	22,985	20,812	(30,522)	(6,424)	(5,820)	1,031
Designated fund	–	728	–	–	–	728
Revaluation reserve	24,706	–	–	–	–	24,706
Total funds	**50,090**	**21,954**	**(30,522)**	**(6,424)**	**(5,820)**	**29,278**
Charity						
Restricted funds	2,399	414	–	–	–	2,813
General reserve	22,985	18,343	(28,069)	(6,408)	(5,820)	1,031
Designated fund	–	728	–	–	–	728
Revaluation reserve	24,706	–	–	–	–	24,706
Total funds	**50,090**	**19,485**	**(28,069)**	**(6,408)**	**(5,820)**	**29,278**

27. Leasing – group and charity

Total payments for operating leases for 2025-26 were £2,758,000 (2024-25: £2,644,000).

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

	Land & buildings £000	Vehicles & equipment £000	2025-26 Total £000	Land & buildings £000	Vehicles & equipment £000	2024-25 Total £000
Not later than one year	2,251	394	2,645	2,266	342	2,608
Later than one year and not later than five years	6,949	251	7,200	7,587	435	8,022
Later than five years	6,830	–	6,830	10,032	–	10,032
Total	**16,030**	**645**	**16,675**	**19,885**	**777**	**20,662**

28. Revaluation reserve – group and charity

	2025-26 £000	2024-25 £000
As at beginning of period	24,706	23,941
Revaluation and indexation of cost/valuation	428	756
Revaluation and indexation of accumulated depreciation	4,771	963
Gain on revaluation of fixed assets	**5,199**	**1,719**
Transfer of realised element of revaluation reserve to unrestricted reserve	(915)	(954)
As at end of period	**28,990**	**24,706**

29. Capital commitments – group and charity

HES has capital commitments in respect of upgrading our website, developing a new Customer Relationship Management (CRM) System and undertaking improvements to our retail warehouse.

	2025-26 £000	2024-25 £000
Capital commitments due in:		
Less than one year	958	1,575
More than one year and less than five years	307	–
More than five years	–	–
Total	**1,265**	**1,575**

30. Financial instruments

As at 31 March 2026 the carrying value of financial instruments totalled:

	2025-26 Group £000	2025-26 Charity £000	2024-25 Group £000	2024-25 Charity £000
Assets measured at amortised costs	26,562	29,068	24,094	26,734
Liabilities measured at amortised costs	46,285	45,704	40,427	40,350

31. Contingent liabilities – group and charity

There are no contingent liabilities that required to be disclosed as at 31 March 2026 or as at 31 March 2025.

32. Events after the reporting period – group and charity

There were no 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

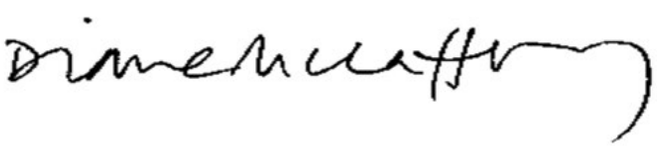
In accordance with Paragraph 13 of Schedule 1 of the Historic Environment Scotland Act 2014, The Scottish Ministers hereby give the following direction.

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 (FReM) 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



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HISTORIC ENVIRONMENT SCOTLAND | ÀRAINNEACHD EACHDRAIDHEIL ALBA

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

0131 668 8600
historicenvironment.scot

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

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