

Annual Report and Financial Statements

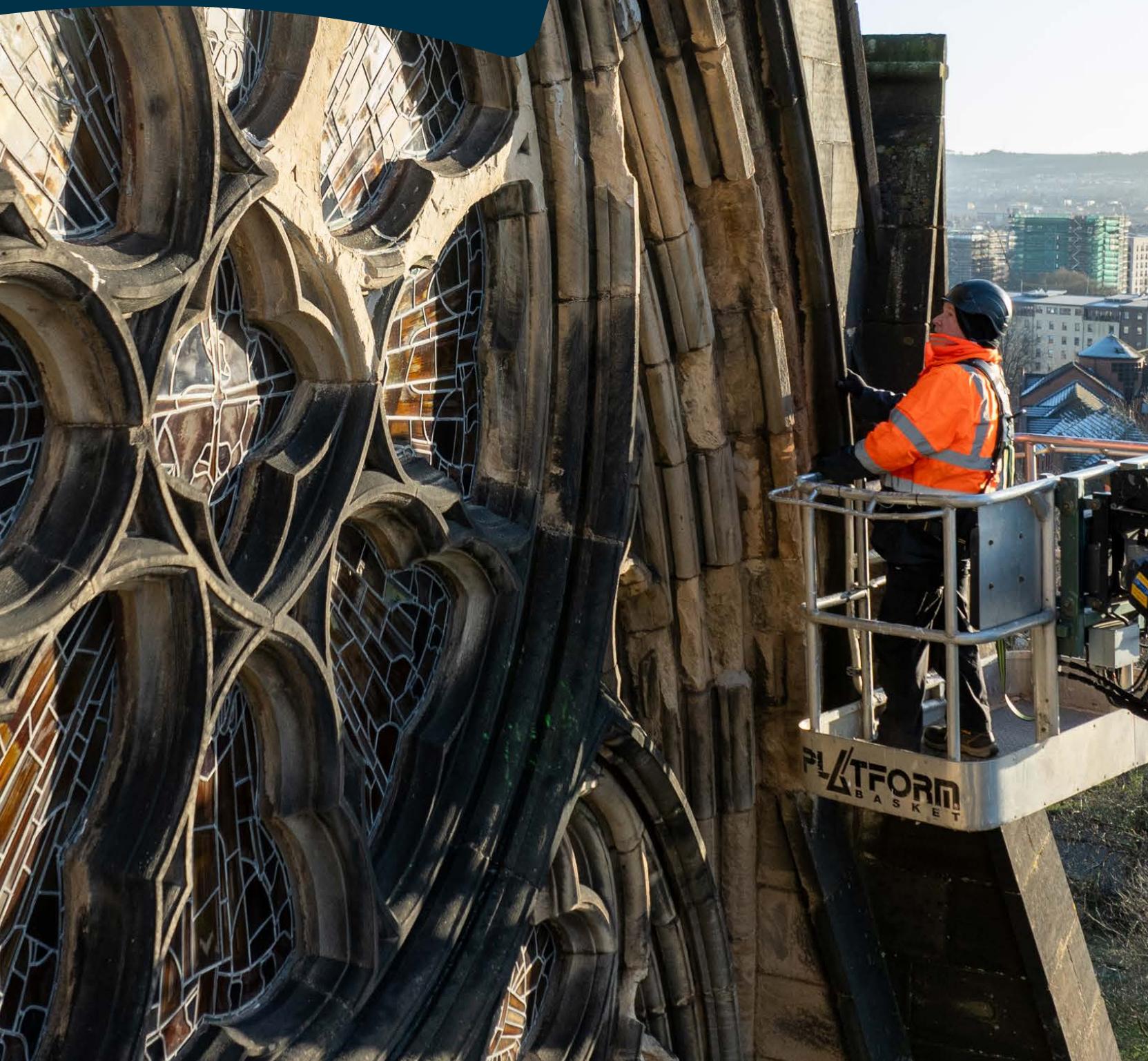
Aithisg Bhliadhnaile agus Aithris Ionmhais

2024-25



HISTORIC
ENVIRONMENT
SCOTLAND

ÀRAINNEACHD
EACHDRAIDHEIL
ALBA



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Introduction

Ro-ràdh

Highlights from 2024-25

The past financial year was one of significant delivery and progress across our priorities:

- **Corporate Plan launch:** In March 2025, we launched *Heritage for All*, setting out our ambitions for the next three years.
- **Retrofit Centre:** We secured a £1 million grant from the Arts and Humanities Research Council to establish the Retrofit Centre in Stirling, a national hub for traditional building retrofit, supporting skills development and climate action.
- **Digital innovation:** February saw the launch of trove.scot, our new digital heritage platform, bringing millions of records and images together in one accessible space.
- **Skills and training:** We published Scotland's first Skills Investment Plan and announced a partnership with the Institute of Conservation to develop a Heritage Skills at Risk Register.
- **Grants impact:** We invested £12.4 million in heritage projects across Scotland including £3.9 million through our Partnership Fund to seven national third-sector organisations in April 2024.
- **Community engagement:** Initiatives like Historic Sundays continued to widen access to heritage, particularly for lower-income households and first-time visitors.
- **Research and conservation:** Our scientists confirmed a fragment of the Stone of Destiny as genuine, and essential conservation works began at sites including Kisimul Castle and Caerlaverock Castle.
- **Sector contribution:** Updated reports reaffirmed the historic environment's £6 billion annual contribution to Scotland's economy, supporting over 81,000 jobs.

Progress to date in 2025-26

We have continued to build momentum this year:

- **Lock 16 announcement:** We confirmed plans for Scotland's Centre of Excellence for Canals and Traditional Skills at Lock 16 in Falkirk, in partnership with Scottish Canals. This national hub will focus on heritage skills, volunteering, and employment, ensuring traditional crafts are preserved for future generations.
- **Grant funding:** Our latest grants report shows increased investment in communities in the most deprived quintile of the Scottish Index of Multiple Deprivation.
- **Public engagement:** Consultations have launched on heritage designation, Calanais Standing Stones, Talking About Heritage, and Properties and Collections Strategy, looking at the future of Scotland's historic sites and collections in state care.

Though outside the timeframe of this report I also want to acknowledge the difficulties faced by Historic Environment Scotland (HES) over the past few months. The issues raised are being tackled, and we are committed to addressing them with transparency, fairness, and care. I welcome the decision by Audit Scotland to carry out a Section 22 report. We will take its findings seriously and ensure they are followed through. Rebuilding trust is a priority for me, the Board, and the Executive Leadership Team.

Scotland's historic environment is a national asset. It connects us to our past, shapes our identity, and enriches lives in every part of the country. I am committed to ensuring that HES plays its full part in protecting and promoting that heritage, responsibly, inclusively, and with integrity.

Sir Mark Jones

Chair, Historic Environment Scotland



2024-25 key statistics

2024-25 priomh staitistigean

Our carbon emissions are **24% lower** than 2018-19¹

2024-25: 4,067 tCO2e
2023-24: 4,068 tCO2e



We welcomed **4.7 million** visitors to staffed sites

(2023-24: 4.5 million, 2022-23: 3.3 million)



We have **188,000 members**

(2023-24: 195,000, 2022-23: 184,000)

We dealt with **95%** of regulatory activities in stated timescales

(2023-24: 94%, 2022-23: 96%)

We invested **£12.4 million** through our grants programme

(2023-24: £13.7 million, 2022-23: £12.5 million)



We engaged **474 volunteers**

(2023-24: 334, 2022-23: 327)

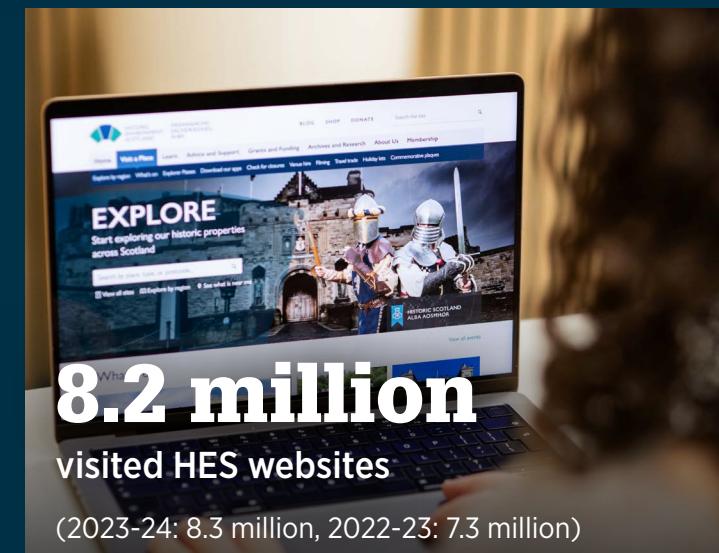
We earned **£72.5 million** commercial income

(2023-24: £66 million, 2022-23: £49.7 million)



We invested **£65.9 million** in properties in our care

(2023-24: £55.6 million, 2022-23: £40.3 million)



8.2 million visited HES websites

(2023-24: 8.3 million, 2022-23: 7.3 million)



We generated **£935 million** for the Scottish economy from heritage tourism

(2023-24: £887 million, 2022-23: £640 million)

¹ Our emissions remained consistent between 2023-24 and 2024-25 as activity increased across the estate but are still on downward trend over multiple years.

Trustees' Annual Report

Aithisg Bhliadhnaill Nan Urrasairean

Performance Report

Aithisg Air Dèanadas

Performance overview

Sealladh farsaing air coileanadh

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.**



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 46,000 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.



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Our outcomes

Our Corporate Plan 2022-25 set out five outcomes:

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

These outcomes are built upon in our new Corporate Plan 2025-28 as set out in the 'our plans' section on page 44.

Our Corporate Plan also sets the 10 Key Performance Indicators (KPIs) which we use to measure our success. Assessment of achievement of KPIs is based on associated deliverables set out in successive Annual Operating Plans.

Our priorities for 2024-25 are set out within our [Annual Operating Plan 2024-25](#). Based on the Scottish Government's focus for 2024-25, and the progress we have made over the previous period, we set out six priorities for 2024-25:

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

This Annual Report provides information about what we have delivered in 2024-25 to support achievement of our [Corporate Plan](#) outcomes. Throughout the year our activities have continued to support delivery of the National Outcomes in the Scottish Government's National Performance Framework.

We also publish a range of more detailed performance reports: *Our Past, Our Future* Annual Report, Properties in Care of Scottish Ministers Annual Report, Planning Performance Report and an Annual Procurement Report.



View our
[Annual Operating Plan 2024-25](#)



View our
[Corporate Plan 2022-25](#)

Supporting government policy and outcomes

HES's plans form part of a much broader ambition to build a more successful Scotland. We support the Scottish Government's purpose *'to focus on creating a more successful country with opportunities for all of Scotland to flourish through increased wellbeing, and sustainable and inclusive economic growth'*. Our work contributed to the delivery of Programme for Government 2024-25: Serving Scotland.

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



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

Principal risks

The principal risks to the delivery of our strategic priorities are set out below.

Risk	Mitigation action
1. Strategic leadership and governance <p>There is a risk that due to instability in leadership, constraints on strategic decision-making and engagement impact operational delivery, colleague wellbeing and reputation of the organisation.</p>	<p>Already operational</p> <ol style="list-style-type: none"> 1. Oversight by Scottish Government Sponsorship team. 2. Chief Executive responsibilities delegated to the Executive Leadership Team. 3. Corporate Plan 2025-28 providing clear strategic direction. 4. New Chair appointed in September 2025. <p>In progress</p> <ol style="list-style-type: none"> 5. HES Board and Executive Leadership team continue to work with Scottish Government to establish stable and effective leadership. 6. Review the findings of the annual external audit report and implement recommendations. 7. Work to review key internal policies. <p>Risk change: Maintaining Assessment: Very High</p> <p>Looking ahead: A new Chair was appointed in September 2025. The priority will be to continue to build trust through openness, accountability, and a shared sense of purpose. Interim arrangements have been put in place with Chief Executive responsibilities delegated to the Executive Leadership Team to ensure the continued smooth running of the organisation. Our sponsorship team in Scottish Government has full oversight to maintain supervision at all times.</p>

Risk	Mitigation action
2. Archive accommodation <p>There is a risk that storage and operational accommodation results in potential loss or damage to HES archives.</p>	<p>Already operational</p> <ol style="list-style-type: none"> 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 at John Sinclair House. <p>In progress</p> <ol style="list-style-type: none"> 4. Identification of a long-term solution for archive accommodation. 5. Work to improve current storage conditions. <p>Risk change: Maintaining Assessment: Very High</p> <p>Looking ahead: In light of the decision taken in June 2024 to halt the archive accommodation project (Archive House), the focus is on improving conditions for our archives in their current accommodation and securing a new facility to help preserve the material for generations to come.</p>

Risk	Mitigation action
3. People and Culture <p>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.</p>	<p>Already operational</p> <ol style="list-style-type: none"> 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. <p>In progress</p> <ol style="list-style-type: none"> 5. Implementation of our People Strategy. 6. Action planning based on the findings of the latest Wellbeing Pulse Survey and wider engagement. 7. Implementation of a 90-day plan focusing on engagement, openness, and learning. 8. Implementation of recommendations from the upcoming Diversity Scotland Equality Audit (Maturity Model).

Risk change: Increasing	Assessment: Very High
<p>Looking ahead: In light of the ongoing change and instability in the leadership of the organisation and heightened media coverage, this risk is increasing. In the short term, we will focus on enhanced engagement, openness and learning. Our Wellbeing Pulse Survey and wider engagement and the upcoming Equality Audit will enable us to focus on 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.</p>	

Risk	Mitigation action
4. Cyber and information security <p>HES is under increasing threat from cyber-attacks, including from outdated/unsupported software, which could result in the loss of, or inability to access, corporate information and sensitive data and/or fraud.</p>	<p>Already operational</p> <ol style="list-style-type: none"> 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. <p>In progress</p> <ol style="list-style-type: none"> 5. Incident response testing. 6. Bespoke information security training for senior leaders. <p>Risk change: Maintaining Assessment: Very High</p> <p>Looking ahead: Ongoing user training and vigilance along with policy and technical controls are essential to maintaining future cyber security.</p>

Principal risks continued

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.	<p>Already operational</p> <ol style="list-style-type: none"> Co-delivery of sector Skills Investment Plan, overseen by 'Our Past, Our Future' Steering Group. <p>In progress</p> <ol style="list-style-type: none"> Scoping for Skills at Risk Register to support collective planning, prioritisation and advocacy.
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.

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.	<p>Already operational</p> <ol style="list-style-type: none"> Oversight by People Committee. Policies and procedures are in place to ensure the highest standards of health, fire and safety. Information and training provided to ensure staff awareness and competence. <p>In progress</p> <ol style="list-style-type: none"> Implementation of the health and safety improvement actions in our People Strategy Implementation Plan. Implementation of an electronic governance system.
Risk change: Maintaining Assessment: High	Looking ahead: A programme of work is underway to implement 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 nearing completion 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.	<p>Already operational</p> <ol style="list-style-type: none"> Oversight by the Heritage Assets Committee. Scheme of Delegation for Properties in Care and Associated Collections, supported by Asset Management and Investment Plans. <p>In progress</p> <ol style="list-style-type: none"> Development of a long-term strategy for the properties and collections in our care. Ongoing high-level masonry inspection and development of a new inspection model for 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. Inspection completion rate reached 95% in November 2025 and completion of all inspections is anticipated by early 2026. Implementation of a new electronic governance system will enhance compliance monitoring by 31 March 2027. Work is also underway to develop a long-term strategy for the properties and collections in our care. The strategy is currently out to consultation and aims to ensure sustainable and innovative management, maximising their contribution now and in future.

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.	<p>Already operational</p> <ol style="list-style-type: none"> Strategies, policies and plans enabling HES and the sector's contribution to national net zero targets and climate change adaptation. Statutory planning role and responsibilities relating to changes to historic infrastructure set out in the HES Regulatory Framework. <p>In progress</p> <ol style="list-style-type: none"> Ongoing delivery of our Carbon Management Plan to reduce HES greenhouse gas emissions. Development of a new Climate Action Strategy. 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 develop 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.

Principal risks continued

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.	<p>Already operational</p> <ol style="list-style-type: none"> 1. Oversight by HES 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. <p>In progress</p> <ol style="list-style-type: none"> 4. HES Board and Executive Leadership Team continue to work with Scottish Government to establish stable and effective leadership. 5. Review the findings of the annual external audit report and implement recommendations. 6. Work to review key internal policies and our external profile.
Risk change: Increasing	Assessment: High
Looking ahead: Work is underway to establish stable and effective leadership as the priority and to take action to address the recommendations from the annual external audit report. This will be 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.	

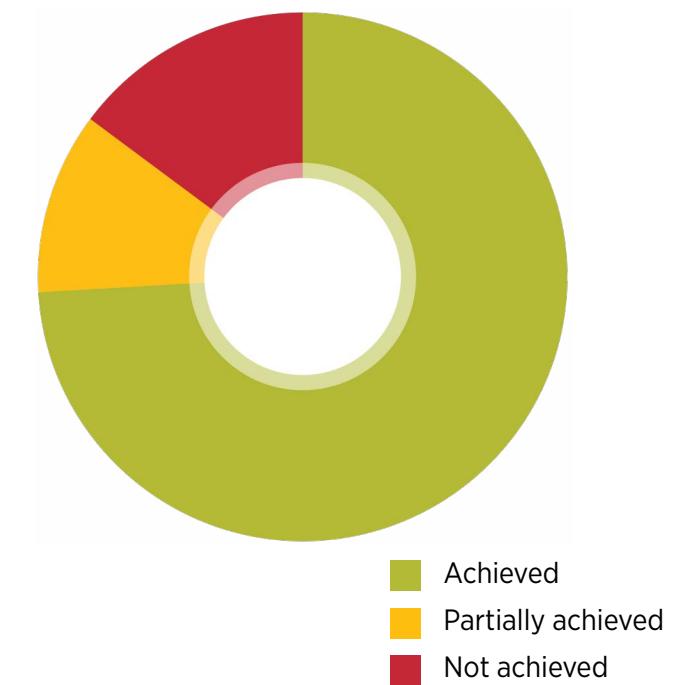




Performance summary

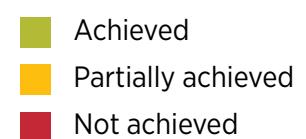
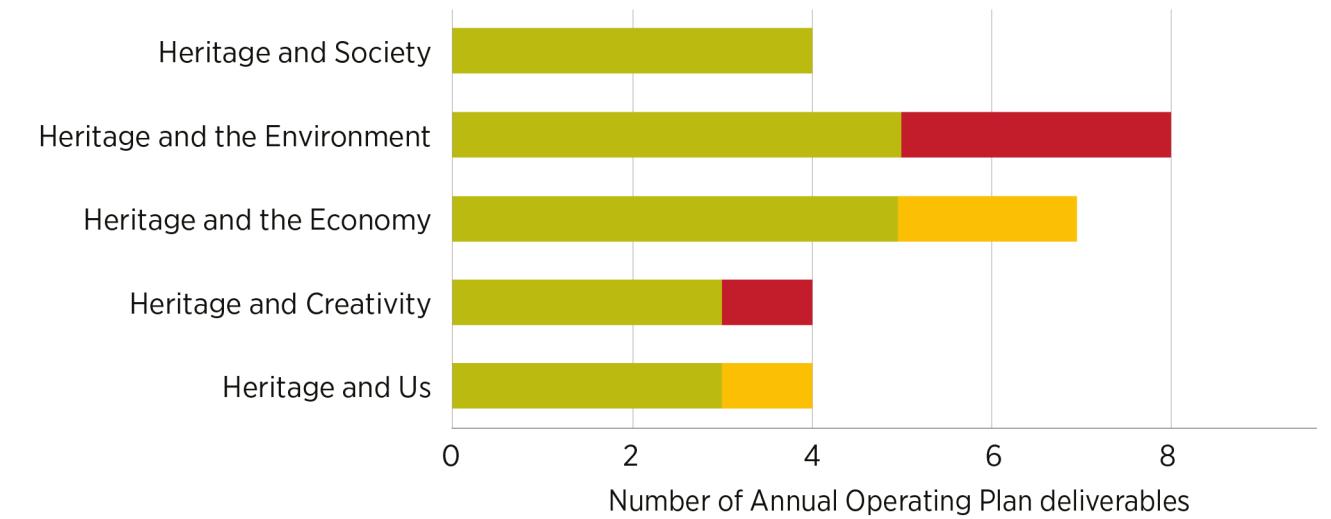
2024-25 is the third year of our [Corporate Plan 2022-25](#). Against a very challenging set of circumstances we accomplished a great deal, with 85% of our Annual Operating Plan deliverables either fully or partially achieved compared to 93% in 2023-24 and 100% in 2022-23.

Annual Operating Plan 2024-25 – deliverables



Of the 27 deliverables in 2024-25, 20 were Fully Achieved, three were Partially Achieved and four were Not Achieved.

Annual Operating Plan 2024-25 – deliverables by outcome



Trends in performance statistics

Overview of Corporate Plan 2022-25 KPI status and RAG (red, amber, green) rating based on delivery of contributing Annual Operating Plan deliverables:

KPI

1	2	3	4	5	6	7	8	9	10
Achieved	Achieved	Achieved	Partially Achieved	Partially Achieved	Achieved	Achieved	Partially Achieved	Achieved	Achieved

Key

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

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

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

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

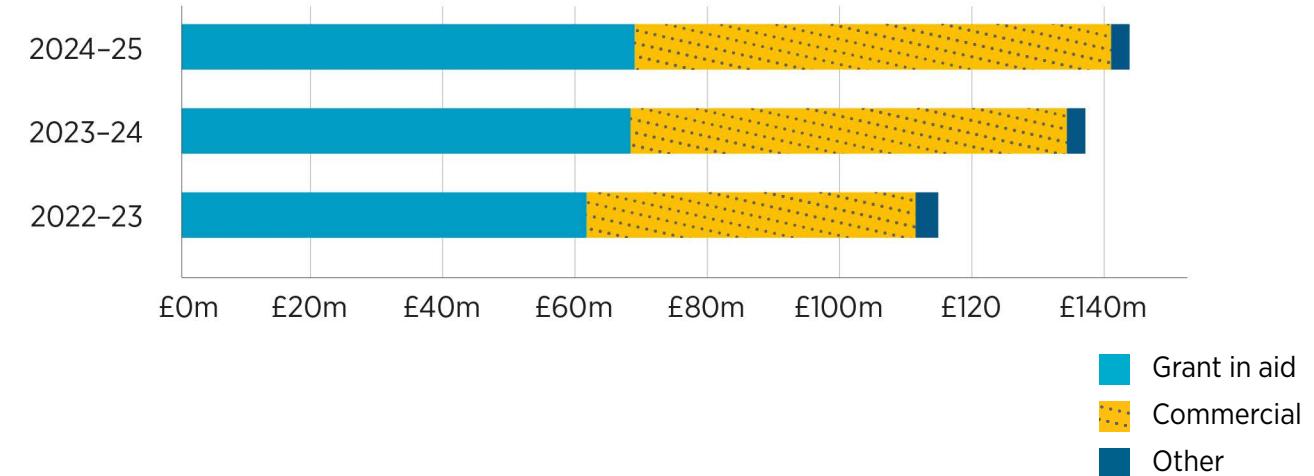
Unable to Report = No performance was able to be calculated.

Detail of Corporate Plan 2022-25 KPI delivery showing Annual Operating Plan deliverables status and RAG rating each year and combined totals for the period:

Outcome	KPI	Key Performance Indicator (KPI)	RAG 2022-23 Deliverables	RAG 2023-24 Deliverables	RAG 2024-25 Deliverables	Combined Operating Plan Deliverables Status 2022-25
Heritage and Society	1	Increase wellbeing from Scotland's historic environment	Achieved: 1 of 1	Unable to report: 1	Achieved: 1 of 1	Achieved: 2 of 3 Unable to report: 1 of 3
	2	Increase engagement with Scotland's historic environment	Achieved: 3 of 3	Achieved: 2 of 3 Partially Achieved: 1 of 3	Achieved: 2 of 2	Achieved: 7 of 8 Partially Achieved: 1 of 8
	3	Enhance communities' use of their heritage in placemaking	Achieved: 1 of 1	Partially Achieved: 1 of 1	Achieved: 1 of 1	Achieved: 2 of 3 Partially Achieved: 1 of 3
Heritage and the Environment	4	Strengthen the resilience of Scotland's historic environment	Achieved: 2 of 5 Partially Achieved: 3 of 5	Achieved: 2 of 5 Partially Achieved: 2 of 5 Not Achieved: 1 of 5	Achieved: 4 of 6 Not Achieved: 2 of 6	Achieved: 8 of 16 Partially Achieved: 5 of 16 Not Achieved: 3 of 16
	5	Increasingly lead the sector in climate change	Achieved: 2 of 2	Achieved: 2 of 2	Achieved: 1 of 2 Not Achieved: 1 of 2	Achieved: 5 of 6 Not Achieved: 1 of 6
Heritage and the Economy	6	Increase economic benefits from Scotland's historic environment	Achieved: 8 of 8	Achieved: 6 of 7 Partially Achieved: 1 of 7	Achieved: 5 of 7 Partially Achieved: 2 of 7	Achieved: 19 of 22 Partially Achieved: 3 of 22
Heritage and Creativity	7	Increasingly inspire creativity and innovation	Achieved: 3 of 3	Achieved: 3 of 3	Achieved: 3 of 3	Achieved: 9 of 9
	8	Increase international recognition of the quality of Scotland's historic environment	Achieved: 1 of 1	Partially Achieved: 1 of 1	Not Achieved: 1 of 1	Achieved: 1 of 3 Partially Achieved: 1 of 3 Not Achieved: 1 of 3
Heritage and Us	9	Grow trust and confidence in HES	Achieved: 1 of 1	Partially Achieved: 1 of 1	Achieved: 1 of 1	Achieved: 2 of 3 Partially Achieved: 1 of 3
	10	Enhance the sustainability of HES	Achieved: 3 of 3	Achieved: 1 of 3 Partially Achieved: 2 of 3	Achieved: 2 of 3 Partially Achieved: 1 of 3	Achieved: 6 of 9 Partially Achieved: 3 of 9
Total		Overall delivery of Annual Operating Plan deliverables and KPI RAG Status	Achieved/Partially Achieved 28 of 28: (100%) Not Achieved: 0 of 28	Achieved/Partially Achieved 25 of 27: (93%) Not Achieved: 1 of 27 Unable to report: 1 of 27	Achieved/Partially Achieved 23 of 27: (85%) Not Achieved: 4 of 27	Achieved/Partially Achieved 76 of 82: (93%) Not Achieved: 5 of 82 Unable to report: 1 of 82

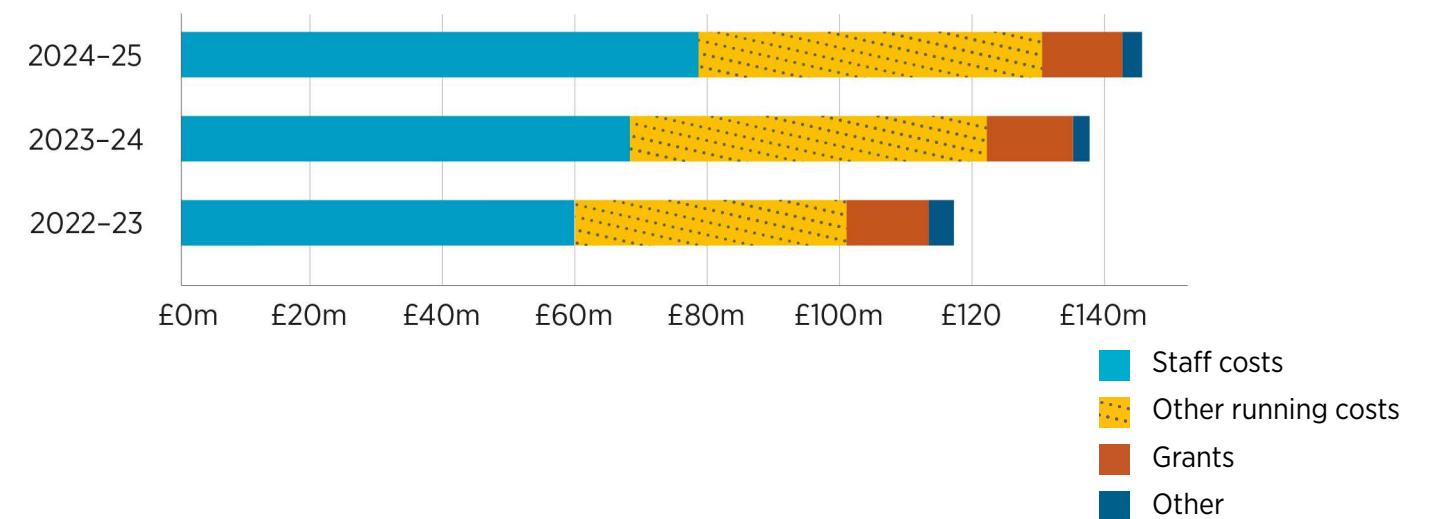
Financial summary

Income



Total income increased 6% from 2023-24 to 2024-25 driven by 10% growth in commercial income, with Scottish Government grant in aid increasing 1%.

Expenditure



Year-on-year increases in commercial activity and investment, as well as inflationary pressures, have resulted in expenditure increasing 6% between 2023-24 and 2024-25.

Our expenditure was within Scottish Government limits for 2024-25.

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



Performance analysis

Sgrùdadh air dèanadas

Performance against plan

Heritage and Society – Performance results (4 deliverables)

KPI 1: Increase wellbeing from Scotland's historic environment (1 deliverable)			KPI 3: Enhance communities' use of their heritage in placemaking (1 deliverable)		
Annual Operating Plan deliverables	What success will look like	Result and feedback	Annual Operating Plan deliverables	What success will look like	Result and feedback
Wellbeing – 1.1 Shared established wellbeing benefits of the historic environment	Our success in sharing wellbeing benefits is a composite of the following Annual Operating Plan deliverables: 1.2 Equalities, 1.4 Communities, 2.7 HES Emissions, 3.3 Tourism Impact, 3.4 Visitor Experience, 3.7 Skills, 4.1 Learning and 5.1 Sector Strategy Success would represent 4 or more of the 8 deliverables above being Fully Achieved and the remaining deliverables Partially Achieved by 31 March 2025 and none are Not Achieved	Fully Achieved 7 out of 8 deliverables identified in the success criteria are Achieved and 1 Partially Achieved and so the deliverable overall is Achieved.	Communities – 1.4 Helped communities understand, promote and develop the benefits of their heritage through our Communities Framework	Delivered 70% or more of actions planned for 2024-25 by 31 March 2025	Fully Achieved Over 75% of Communities Framework actions planned for 2024-25 delivered. Highlights include approval of the Strategic Communities Framework and approach.

KPI 2: Increase engagement with Scotland's historic environment (2 deliverables)		
Annual Operating Plan deliverables	What success will look like	Result and feedback
Equalities – 1.2 Implemented our <i>Equality Outcomes Action Plan 2021-25</i> , which incorporates ambitions on our society, our services and our people	Delivered 80% or more of the 2024-25 high-level planned actions in the Equalities Outcomes Action Plan by 31 March 2025	Fully Achieved Over 90% of Equality Outcomes actions planned for 2024-25 delivered. Highlights include publication of the <u>Equality Outcomes and Action Plan 2025-29</u> .
trove.scot – 1.3 Improved digital access to information on the historic environment as part of our long-term strategy for our digital information, archives and collections	Created a baseline of use following trove.scot launch by 31 March 2025	Fully Achieved Baseline created. Over 13,000 users have engaged with the platform since launch, creating a baseline of use on which to build.

Performance analysis continued

Heritage and the Environment – Performance results (8 deliverables)

KPI 4: Strengthen the resilience of Scotland's historic environment (6 deliverables)		
Annual Operating Plan deliverables	What success will look like	Result and feedback
Estate Management – 2.1 Improved the planning and delivery of all work on or related to the properties in our care to ensure their sustainable management through the delivery of our Estate Plan, which is updated throughout the year to respond to changing priorities	Delivered 90% or more of the live Estate Plan by 31 March 2025	Fully Achieved Activities with approved budget marked as 'Complete' or 'In Progress' was 91%.
PIC Strategy – 2.2 Delivered our long-term strategy for the properties in our care (PIC) including plans for the sustainable management and operation of the assets supporting prioritisation for decision-making and investment, and delivery of benefits to people now and for generations to come	Published and disseminated the PIC strategy by 31 March 2025	Not Achieved A PIC strategy was not published by 31 March 2025, with resourcing challenges being a factor. Work is underway and the timeline has been extended to provide space for development. Our Operating Plan 2025-28 includes an action to 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.
Collections – 2.3 Enhanced the care and management of collections associated with the properties in our care in line with the Scheme of Delegation	Delivered 70% or more of Year 3 project targets for Government Indemnity Scheme project and Collections Inventory project by 31 March 2025	Fully Achieved Over 75% of project targets for Government Indemnity Scheme and Collections Inventory projects delivered.
KPI 4: Strengthen the resilience of Scotland's historic environment (6 deliverables)		
Annual Operating Plan deliverables	What success will look like	Result and feedback
Archives – 2.4	Updated success criteria¹	Fully Achieved A lease extension has been agreed at John Sinclair House which has removed a pressing deadline for the removal and relocation of the archive. The Move Ready Project has also concluded. Whilst the in-year deliverable for an interim solution has been fully achieved, the risk around longer-term archive accommodation is still assessed as very high as set on in the Principal risks section on page 14.
Research – 2.5 Implemented our multi-partner Research Strategy 2023-28 , focusing on research to support our work around climate change, tackling inequality and driving innovation	Delivered, or on track to deliver, 40% or more of the multi-partner 2023-28 Research Strategy actions by 31 March 2025 from 20% in 2023-24	Fully Achieved Over 40% of Research Strategy actions planned for 2024-25 delivered. Highlights include initiation of the Retrolab development project, funded by the Arts and Humanities Research Council.
Edinburgh Castle – 2.6 Developed a high-level masterplan for Edinburgh Castle, one of Scotland's most internationally iconic sites, to ensure it delivers sustainable benefits for HES and Scotland into the future	Developed and published Edinburgh Castle Masterplan by 31 March 2025	Not Achieved A high-level masterplan for Edinburgh Castle was not developed by 31 March 2025. Our Operating Plan 2025-28 includes an action to publish a high-level strategic plan for Edinburgh Castle by 31 March 2026.



View the Research Strategy

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¹ Success criteria for this deliverable was updated following the decision taken in June 2024 to cancel the Archive House project due to escalating costs and project delays.

Performance analysis continued

Heritage and the Environment – Performance results (8 deliverables) continued

KPI 5: Increasingly lead the sector in climate change action (2 deliverables)		
Annual Operating Plan deliverables	What success will look like	Result and feedback
HES Emissions – 2.7 Delivered greenhouse gas (GHG) emission reductions identified in our Carbon Management Plan	Responsible for no more than 4,203 tonnes of GHG emissions (tCO ₂ e) from sources within our organisational boundary by 31 March 2025	Fully Achieved Emissions during 2024-25 were 4,067 tonnes of CO ₂ e.
Climate Change Adaptation – 2.8 Continued to implement our ambitious <u>Climate Action Plan</u> (CAP) to support the green recovery and to promote the value and knowledge of the heritage sector in supporting a transition to a low carbon economy	Progressed delivery of our <i>Climate Action Plan</i> to 100% of actions delivered or on track by 31 March 2025 (Year 5 of 5) from 80% in 2023-24 Our Operating Plan 2025-28 includes an action to develop and publish a new 5-year Climate Action Strategy by 31 March 2026, guided by recommendations from the audit.	Not Achieved Not Achieved status represents delivery of our Climate Action Plan having not progressed from the 2023-24 result of 80% of actions delivered or on track by 31 March 2025. 50% of actions in the Climate Action Plan were complete at year end. An internal audit highlighted the ambitious nature of the Climate Action Plan and the lack of an overall implementation plan, lack of prioritisation and resourcing pressures affected progress.

View the [Climate Action Plan](#)

Heritage and the Economy – Performance results (7 deliverables)

KPI 6: Increase economic benefits from Scotland's historic environment (7 deliverables)		
Annual Operating Plan deliverables	What success will look like	Result and feedback
Casework – 3.1 Dealt with regulatory activities, consultations and decisions within stated timescales	Maintained delivery at 90% or more dealt with within stated timescales during 2024-25	Fully Achieved HES responded to 95% of our statutory consultations within stated timescales.
Growth Deals – 3.2 Promoted the contribution of the historic environment and the sector in national and regional economic planning and investment strategies	Further deepened engagement and identified opportunities of agreed mutual benefit in at least 5 existing Local Authority and Economic Agency Growth Deal areas by 31 March 2025	Fully Achieved Engagement continued and included: <ul style="list-style-type: none">Strategic advice provided to Borderlands, Tay Cities, Stirling and Clackmannanshire, Moray, Islands, and Highland Growth Deals.HES represented on South of Scotland Regional Economic Plan Board.Strategic engagement with Perth and Kinross, South Lanarkshire, West Dunbartonshire, Aberdeenshire, and Stirling Councils to identify areas for collaborative projects, such as Perth City Framework.
Tourism Impact – 3.3 Increased the number of visits to our sites, benefitting local tourism economies	<ul style="list-style-type: none">Increased the number of visits to our sites from 4.5 million in 2023-24 to over 4.8 million by 31 March 2025Increased the direct and indirect contribution to local tourism economies from £887 million in 2023-24 to £946 million in 2024-25 by 31 March 2025	Partially Achieved <ul style="list-style-type: none">Number of visits increased from 4.5 million in 2023-24 to 4.7 million.Contribution to tourism economies increased from £887 million in 2023-24 to £935 million. As both elements of this deliverable are Partially Achieved the overall result is Partially Achieved.

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Performance analysis continued

Heritage and the Economy – Performance results (7 deliverables) continued

KPI 6: Increase economic benefits from Scotland's historic environment (7 deliverables)		
Annual Operating Plan deliverables	What success will look like	Result and feedback
Visitor Experience – 3.4 Provided high quality visitor experiences at our sites as the largest operator of paid visitor attractions in Scotland	Maintained visitor overall enjoyment scores from our fully open sites at or better than 8.84 by 31 March 2025	Fully Achieved Visitor overall enjoyment score for 2024-25 increased from 8.84 in 2023-24 to 8.87.
Grants – 3.5 Used our grant programmes to attract investment into local economies across Scotland	Invested at least £13.5 million in local economies through our grant schemes in 2024-25, taking the total invested since 2019 to £79.5 million	Partially Achieved Partially Achieved status represents investment of 75% of the £13.5 million target (£10.1 million). We invested £12.4 million (92% of target investment) through our grant schemes in 2024-25, taking the total invested since 2019 to £78.5 million. Investment was below target due to external factors in the construction sector.
Procurement – 3.6 Delivered Year 3 of our Sustainable Procurement Strategy 2022-26 to achieve value for money, benefits to HES, society and the economy of Scotland, whilst minimising damage to the environment	Maintained spend of £30 million with Scottish suppliers in 2024-25 with a cumulative total since 2019-20 of £167.9 million	Fully Achieved Total spend with Scottish suppliers in 2024-25 was £36.6 million taking the overall figure to £174.6 million since 2019-20.
Skills – 3.7 Worked with our partners to grow provision, attract future talent and improve access, and foster innovation, including stonemasonry and other traditional skills, through the historic environment Skills Investment Plan 2024-29	Delivery of the historic environment Skills Investment Plan 2024-29 is underway by 31 March 2025	Fully Achieved Delivery of the Skills Investment Plan 2024-29 is underway. Skills Investment Plan Year One Report published in April 2025.

Heritage and Creativity – Performance results (4 deliverables)

KPI 7: We increasingly inspire creativity and innovation (3 deliverables)		
Annual Operating Plan deliverables	What success will look like	Result and feedback
Learning – 4.1	Engaged over 50,000 learners and delivered five projects targeting priority audiences by 31 March 2025	Fully Achieved Learners engaged: 99,000 in 2024-25 (2023-24: 88,000). Over five projects delivered for priority audiences including: <ul style="list-style-type: none">• Schools Outreach projects• Heritage Remixed Youth Engagement Programme projects• Community projects
Gaelic – 4.2	Delivered 60% of actions planned for 2024-2025 by 31 March 2025	Fully Achieved 75% of Gaelic Language Plan actions planned for 2024-25 delivered. Highlights include 231 school children from 12 schools attending sessions at Edinburgh Castle as part of <i>Seachdain na Sgoiltean</i> .
Intangible Cultural Heritage – 4.3	Delivered 60% of actions planned for 2024-25 by 31 March 2025	Fully Achieved 78% of Intangible Cultural Heritage actions planned for 2024-25 delivered. Highlights include hosting a national event on Intangible Cultural Heritage in partnership with Creative Scotland, Museums and Galleries Scotland and Traditional Arts and Culture Scotland.

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View the 2024-29
Skills Investment Plan



View the Gaelic Language Plan

Performance analysis continued

Heritage and Creativity – Performance results (4 deliverables) continued

KPI 8: We increase international recognition of the quality of Scotland's historic environment (1 deliverable)		
Annual Operating Plan deliverables	What success will look like	Result and feedback
International – 4.4 Implemented our multi-partner International Strategy 2019-29 Partnering Globally, ensuring our international activities utilise our skills and expertise to support Inspiring Connections: Scotland's International Culture Strategy, maintain our relationships and partnerships across the globe and support our commercial operations	Delivered 60% or more of actions planned for 2024-25 by 31 March 2025	<p>Not Achieved</p> <p>Not Achieved status represents delivery of 39% or less of actions planned for 2024-25 by 31 March 2025.</p> <p>Resource was not in place for this deliverable to be completed at the required level.</p> <p>Our approach to international activity will be reviewed in 2025-26.</p>

Heritage and Us – Performance results (4 deliverables)

KPI 9: Grow trust and confidence in HES (1 deliverable)		
Annual Operating Plan deliverables	What success will look like	Result and feedback
Sector Strategy – 5.1 Worked with our partners to sustain and enhance the benefits of Scotland's historic environment for people and communities now and into the future through the implementation of <i>Our Past, Our Future</i>	Published and disseminated baseline and first year progress report for <i>Our Past, Our Future</i> , by 30 September 2024	<p>Fully Achieved</p> <p><u>Baseline and First Year Progress report</u> published in September 2024.</p>

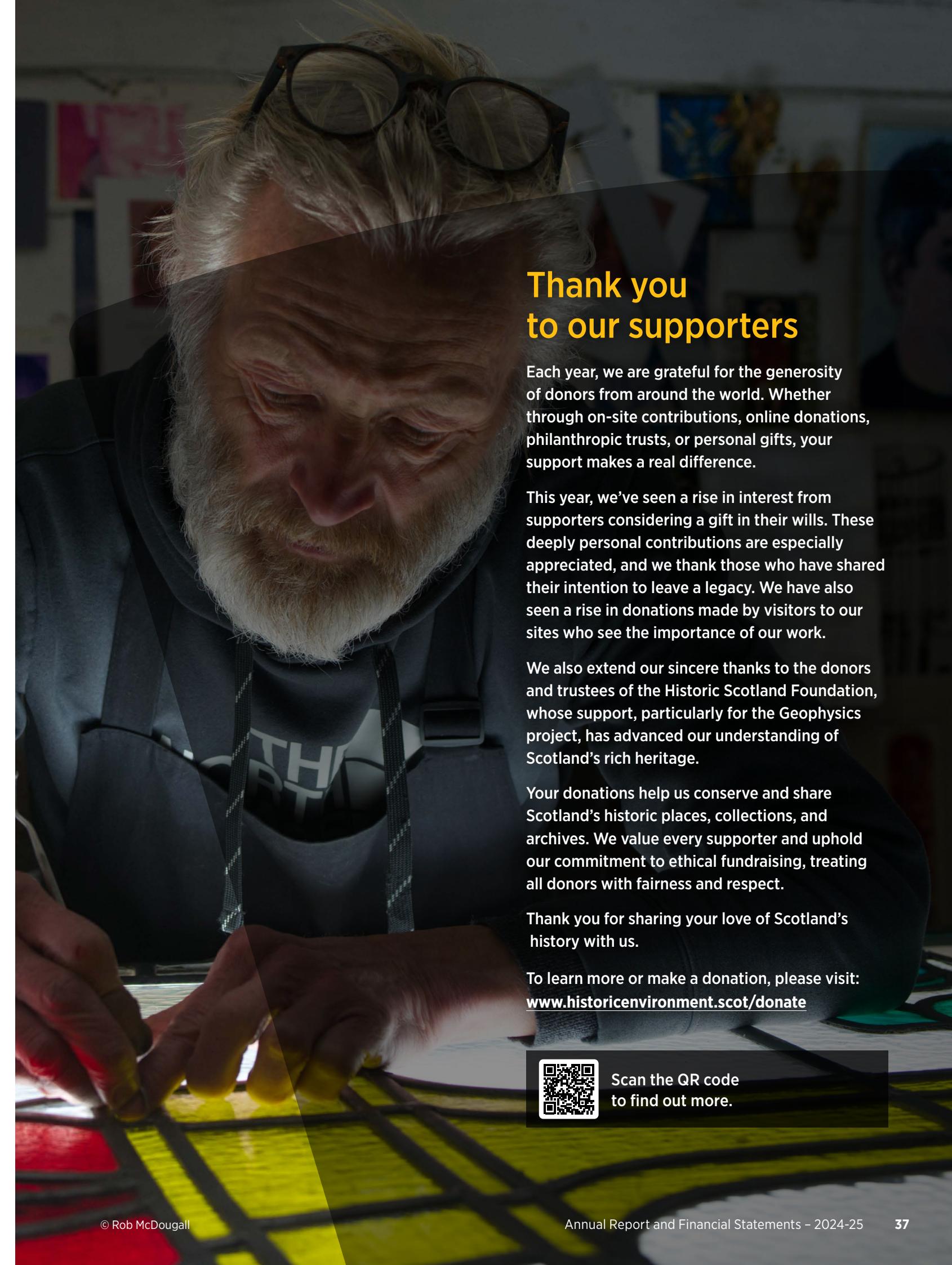
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Performance analysis continued

Heritage and Us – Performance results (4 deliverables) continued

KPI 10: Enhance the sustainability of HES (3 deliverables)		
Annual Operating Plan deliverables	What success will look like	Result and feedback
Financial Sustainability – 5.2 Improved our organisational resilience and financial sustainability	Transitioned to new business model by 31 March 2025 New financial strategy approved by 31 March 2025	Fully Achieved <ul style="list-style-type: none"> Business model: new model approved by HES Board and the Scottish Government and in place for 2025-26. New financial strategy approved by HES Board and Scottish Government.
Our People – 5.3 Delivered and implemented Year 5 of our People Strategy 2020-2025	Delivered 75% or more of Year 5 actions in our People Strategy by 31 March 2025	Fully Achieved <p>80% of People Strategy actions planned for 2024-2025 delivered. Highlights include:</p> <ul style="list-style-type: none"> Completion of 35-hour working week rollout. Strategic workforce planning integration. New People Strategy approved by ELT and HES Board ahead of 2025-26 launch.
Transformation – 5.4 Continued to transform the way we work to ensure our operations deliver best value in line with the Public Bodies Reform agenda, including delivery of our Digital Strategy and HES-Digital function	Delivered 80% or more of the annually planned digital activities and the approved investment project milestones by 31 March 2025	Partially Achieved <p>Partially Achieved status represents the delivery of between 60% and 79% of the annually planned digital activities and the approved investment project milestones by 31 March 2025.</p> <ul style="list-style-type: none"> 73% of projects under the annually planned digital activities were on track by 31 March 2025. HES delivered projected investment spend of £1.4 million (70% of budget allocated) for the approved investment projects that comprised the annually planned digital activities.



Financial review

Our income

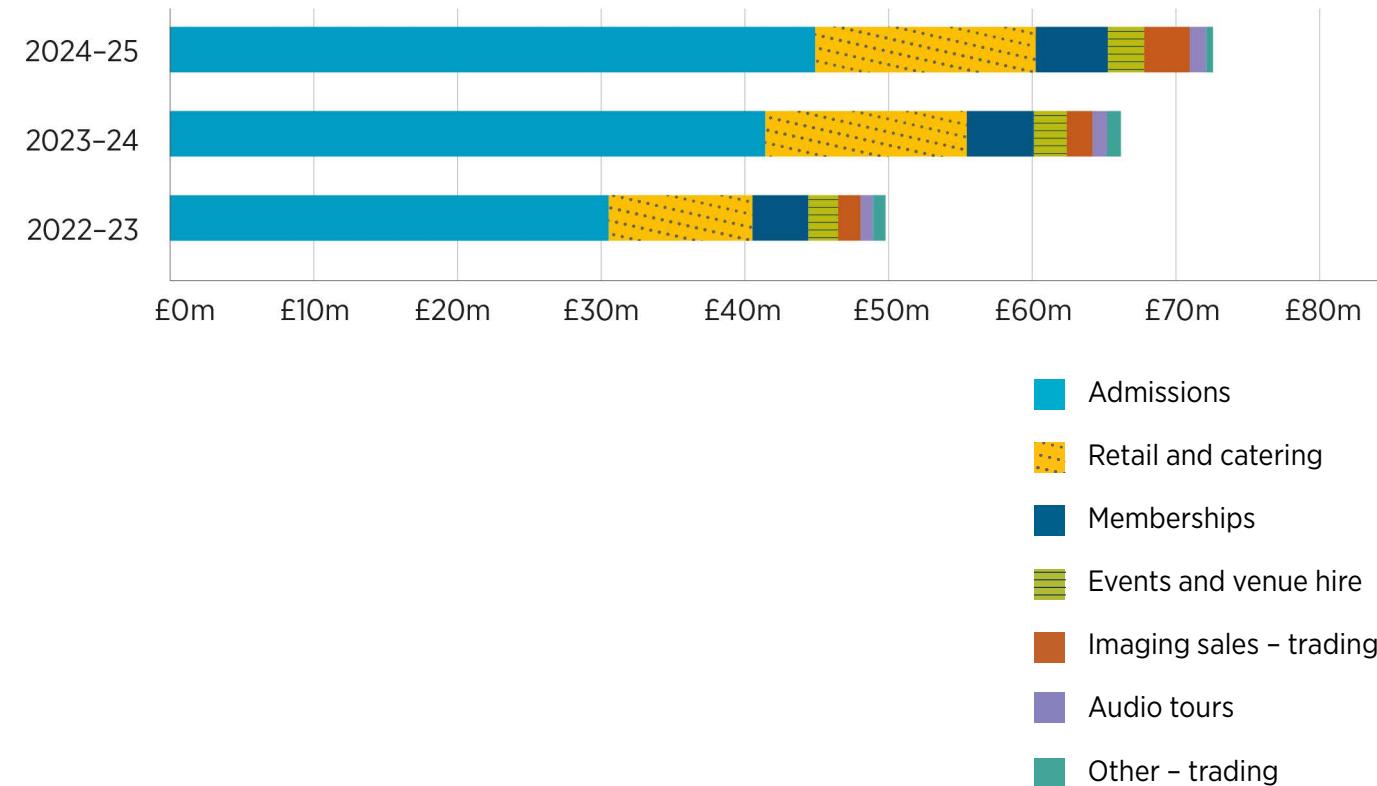
Our total income in 2024-25 was £144.6 million (2023-24: £137 million) and includes:

- Commercial income of £72.5 million (2023-24: £66 million) with strong growth across our admissions, retail, and imaging sales. Our commercial income is reported in the financial statements as either income from charitable activities (note 3) or income from trading activities (note 4) in line with the Charities Statement of Recommended Practice (Charities SORP).
- Income from charitable activities (note 3) of £53.1 million (2023-24: £49 million) which comprises admissions, memberships and other activities directly linked to our charitable purpose. Visitor numbers increased

from 4.5 million in 2023-24 to 4.7 million in 2024-25 and linked admissions income has increased from £41.3 million in 2023-24 to £44.9 million in 2024-25. Membership income has increased from £4.7 million in 2023-24 to £5.1 million in 2024-25.

- Income from trading activities (note 4) of £21.4 million (2023-24: £18.8 million) which are those activities that are undertaken to generate funds to support our charitable work, but are not direct charitable activities themselves. This comprises retail sales at our sites and online, sales of digital images, and income from events.

Commercial income



Our expenditure

Our total expenditure for 2024-25 was £141.9 million (2023-24: £129.1 million) and includes:

- Expenditure on charitable activities (note 7) of £115.2 million (2023-24: £108 million). This expenditure covers a broad range of activities, including conservation, operating visitor attractions and regulatory work.
- Expenditure on raising funds (note 6) of £17 million (2023-24: £15.4 million). This includes the cost of our retail and other income generation not directly from undertaking charitable activities. The increase in this expenditure has supported the 13% increase in income from trading activities.
- Expenditure on grants (note 8) of £10 million (2023-24: £5.7 million). Our grant expenditure reported in the financial statements is recognised in full once a grant offer has been made in line with the Charities SORP. New grants committed vary from year to year depending on the timing and cyclical nature of some multi-year grant programmes. Our grant expenditure is funded from an allocation within our Scottish Government grant in aid. Our grant expenditure reported to the Scottish Government is based on grants invested from current year funding, which in 2024-25 was £12.4 million (2023-24: £13.7 million, including £0.5 million transferred to the Royal Botanic Garden Edinburgh).
- Support costs (note 9) of £23.8 million (2023-24 £20.5 million). These costs (note 9) are allocated across expenditure on raising funds, expenditure on charitable activities and expenditure on grants in the statement of financial activities.

Our staff costs (Remuneration and Staff Report) were £79.5 million (2023-24: £68.7 million). The increase partly reflects increase in full-time equivalent staff numbers of 6%, the impact of the 2024-25 HES pay award, which was in line with pay policy set by Scottish Ministers, as well as implementation of new pay and grading arrangements.

We have invested £26.7 million through our Investment Plan over the period of the 2022-25 Corporate Plan to enhance the condition of our sites and improve the experience of our visitors, alongside other corporate priorities.

Investment plan	2022-23 £m	2023-24 £m	2024-25 £m	Total £m
Site condition	5.3	6.4	3.5	15.2
Visitor experience	0.6	0.2	0.3	1.1
Corporate systems and other corporate priorities	2.6	4.0	3.8	10.4
Total	8.5	10.6	7.6	26.7

Financial review continued

Outturn against Scottish Government budget limits

The Scottish Government allocates a budget to HES each year and this is based on expenditure net of commercial income generated by HES. This budget is to cover revenue expenditure, capital expenditure, non-cash costs such as depreciation, as well as annually managed expenditure for specific unpredictable costs such as increases in provisions.

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

HES grant in aid	Original £m	Revisions £m	Final £m	Outturn £m	Variance £m
Resource expenditure	61.2	0.1	61.3	61.3	-
Capital expenditure	8.0	-	8.0	8.0	-
Sub-total: cash	69.2	0.1	69.3	69.3	-
Non-cash	5.0	-	5.0	2.7	2.3
Annually managed expenditure	-	-	-	-	-
Sub-total: non-cash	5.0	-	5.0	2.7	2.3
Total	74.2	0.1	74.3	72.0	2.3

Reconciliation between reporting as a NDPB and as a charity

Our financial statements have been prepared in accordance with the Government Financial Reporting Manual (FReM) and the Charities SORP in line with direction from Scottish Ministers (reproduced on page 127).

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

	2024-25 £m	2023-24 £m
Outturn against Scottish Government budget limits	2.3	0.9
<i>Adjustments:</i>		
Difference between grants offered in year and grants invested	3.3	8.4
Capitalisation of tangible fixed assets	2.9	2.7
Scottish Government non-cash allocation	(5.0)	(4.5)
Transfer from designated funds	(1.2)	-
Other adjustments	0.1	0.4
Net income per the financial statements	2.4	7.9

Our financial position

As a public body, HES is restricted in its ability to build up reserves. The group balance sheet as at 31 March 2025 shows unrestricted funds of £26.5 million (2023-24: £22.1 million) but there is an underlying deficit position once the substantial fixed asset balances are excluded.

Our reserves are negative £21.9 million (2023-24: negative £25.6 million). HES has negative general reserves and negative current liabilities as there is a disparity between grant income received and grants payable. Government grant in aid is drawn down on the basis of need and is accounted for as received. HES must commit to grants on a longer-term basis to allow grant recipients to appropriately plan. Whilst grant expenditure is accounted for on commitment, the total grant payments in each year are closely managed based on grant in aid funding available for that year.

Essentially, we are reliant on future Scottish Government funding to meet our grant liabilities. Excluding future grant commitments (e.g. for work not yet undertaken by grant recipients), our reserves are negative £9 million (2023-24: negative £9.4 million) and our reserves are positive £6.7 million (2023-24: positive £5.1 million) if all grant liabilities are excluded.

	2024-25 £m	2023-24 £m
Unrestricted funds	26.5	22.1
Less unrestricted fixed assets	(47.7)	(45.7)
Less designated funds	(0.7)	(2.0)
General reserves	(21.9)	(25.6)
Exclude future grant commitments	12.9	16.2
General reserves excluding future grant commitments	(9.0)	(9.4)
Exclude grants accruals and retentions	15.8	14.5
General reserves excluding total grant liabilities	6.7	5.1

Financial review continued

Going concern

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

The Board and Accountable Officer have reviewed the latest financial projections considering government funding and commercial income and are satisfied that it remains appropriate to prepare HES's financial statements on a going concern basis.

Fixed assets

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

The land, buildings and dwellings which we do recognise on our balance sheet are revalued every year either by formal valuation or by an indexation increase. The revaluation reserve has increased 3% from £23.9 million as at 31 March 2024 to £24.7 million as at 31 March 2025.

Pensions

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

Restricted funds

Our restricted reserves were £2.8 million as at 31 March 2025 (2023-24: £3.1 million). Of this, £2.4 million (2023-24: £2.4 million) relates to Heritage Lottery Fund grants received to fund the Engine Shed and will be released to unrestricted reserves in line with the depreciation of the building. Other restricted reserves relate to unspent restricted grant income and were £0.4 million as at 31 March 2025 (2023-24: £0.7 million).

Designated funds

HES established a £2 million designated fund as at 31 March 2021 to support conservation of our properties in care and £1.2 million was utilised during 2024-25. The remaining balance will be utilised as required over the next few years.

Grants policy

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

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

We were asked for £17.8 million for 2024-25 and invested £12.4 million. Every £1 of HES funding supports another £5.24 of spending in Scotland's historic environment. [Our Grants Funding Report](#) provides further information on how Historic Environment Scotland spends its grants funding,

Supplier payment performance

Standard supplier payment terms are generally 30 days, but HES follows the Scottish Government target for the payment of invoices within 10 working days of their receipt. In 2024-25, 88% of invoices were paid within 10 working days (2023-24: 92%) and 95% were paid within 30 days (2023-24: 97%).



View information about our Grants Programmes



View the Grants Funding Report 2024-25



Our plans

We published our new [Corporate Plan 2025-28 Heritage for All](#) on 31 March 2025.

It enables 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 priorities and outcomes:

Scotland's heritage	Skills and learning	People and places	Climate action	Our organisation
By 2028, we will have:	By 2028, we will have:	By 2028, we will have:	By 2028, we will have:	By 2028, we will have:
<ul style="list-style-type: none"> 1. increased investment in the heritage assets in our care 2. provided inspiring and memorable visitor experiences 3. enabled good decision-making for Scotland's protected places 	<ul style="list-style-type: none"> 4. inspired a new generation of learners through our skills and outreach programmes 	<ul style="list-style-type: none"> 5. increased the economic and community benefits from Scotland's historic environment 6. sustained our grant funding to ensure the historic environment delivers against national priorities 	<ul style="list-style-type: none"> 7. led the way in reducing our climate impacts 8. made Scotland's heritage central to the just transition to net zero 	<ul style="list-style-type: none"> 9. increased our income and invested it in Scotland's heritage 10. provided a safe, secure, and inclusive environment in which our colleagues can thrive
				

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 level. 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:

- Financial sustainability – we have reviewed our financial strategy and adapted our business model to improve our financial sustainability.
- Infrastructure and alternative arrangements for properties in our care – we are committed



View information about
Our Past, Our Future



View information about our
Corporate Plan 2025-28



View information about our
Operating Plan 2025-28

Sustainability Report

This Sustainability Report provides an overview of HES 2024-25 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 climate-related disclosures consistent with HM Treasury's TCFD-aligned disclosure application guidance, which interprets and adapts the framework for the UK public sector. HES considers climate change to be a principal risk, and has therefore complied with TCFD phase 1 and phase 2 recommendations around:

Governance – recommended disclosures (a) and (b)

Risk management – recommended disclosures (a) to (c)

Metrics and targets – recommended disclosures (a) and (b).

HES is continuing to implement its adaptation plan, [Climate Ready HES](#), updating its Climate Change Risk Assessment to use the best available evidence to understand climate risks, and will align this with phase 3 disclosures on strategy applicable from 2025-26.

HES does not yet comply with metrics and targets recommended disclosure (c) as HES does not currently have formal metrics and targets for climate adaptation risks and opportunities. These will be considered as part of the review of our adaption plan.

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.



View information about
Climate Ready HES

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. And our organisation is a major player in helping to achieve these goals. Climate action is one of our top priorities in our new Corporate Plan (as set out on page 44).

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 detailed our climate action ambitions for the historic environment for 2020-25. Climate-related issues as reflected through the delivery of the Climate Action Plan are overseen by the Climate Action Plan Governance Board which is chaired by the Chief Executive and includes members from the Executive Leadership Team. This board meets twice a year, and we will review and refresh the Governance Board to support the delivery of our new Climate Action Strategy.

The co-ordination for delivery of climate action is undertaken 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. A number of 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 committed to developing our next Climate Action Strategy and this is enshrined as an action in our Operating Plan. This strategy is being developed through a co-production exercise with our staff across the organisation, including representation from our Board and Executive Leadership Team, and drawing on insights from a select group of external stakeholders. Our next Climate Action Strategy is the first to be developed

Sustainability Report continued

since the Scottish Government consulted on statutory guidance to support the Public Bodies Climate Change Duties, and it will take into account key elements of the guidance to further embed this within our climate change governance.

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.

Risk management

We are in a climate emergency and our historic environment is already feeling the impacts. Not only is our historic environment facing physical risks from things like coastal erosion and extreme weather, but the historic buildings in which we live, work, learn and socialise are also under pressure.

HES has a well-established risk management framework as set out on page 62 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.

HES recognises climate change as a principal risk as set out in principal risks section on page 14. 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, in particular climate change is explicitly referenced in our risk appetite and guidance on identifying risks.

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.

We undertook internal engagement across our organisation in 2019 to determine climate-related risks faced by our organisation, and these are published in 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. We will be undertaking a review of our adaption plan in 2026-27.

Climate Ready HES identified 28 key risks and sets out our response to these. Some of these risks identified with financial implications are summarised in the table opposite.

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.	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> degradation and changing character of property in care landscapes increased risk of ground instability and rockfall/deterioration of geological exposures 	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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 disrupting our day-to-day operations Extreme weather/natural hazard events causing: <ul style="list-style-type: none"> increased risk of disruption/shock to our supply chain, more frequent closure of our Properties in Care, more frequent postponement/cancellation of events. 	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> 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. 	Increased cost of: <ul style="list-style-type: none"> 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.

Sustainability Report continued

We have also identified physical risks to the properties our 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. 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 a number of assessments to identify climate risks for PICs which sit within UNESCO World Heritage Sites using the Climate Vulnerability Index (CVI), a methodology developed in Australia. So far studies have been conducted for The Heart of Neolithic Orkney, the Antonine Wall and the Old and the New Towns of Edinburgh.

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 publishing 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 with the development of the UK's first UK-wide climate hazard map for heritage, which HES developed 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 we will take in our Climate Action Plan. It makes six commitments under the Impacts and Adaptation Theme and identifies 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 our actions in the plan.

Metrics and targets

The below performance against our Climate Action Plan section includes our disclosure of Scope 1, Scope 2, and Scope 3 emissions. 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.

Performance against our Climate Action Plan

This section gives a summary of our carbon emissions and highlights of the outcomes achieved during 2024-25 under the seven Climate Action Plan themes: Energy and Carbon Management, Climate Impacts and Adaptation, Circular Economy, Sustainable Tourism, Sustainable Procurement, Biodiversity and Landscapes and Sustainable Travel.

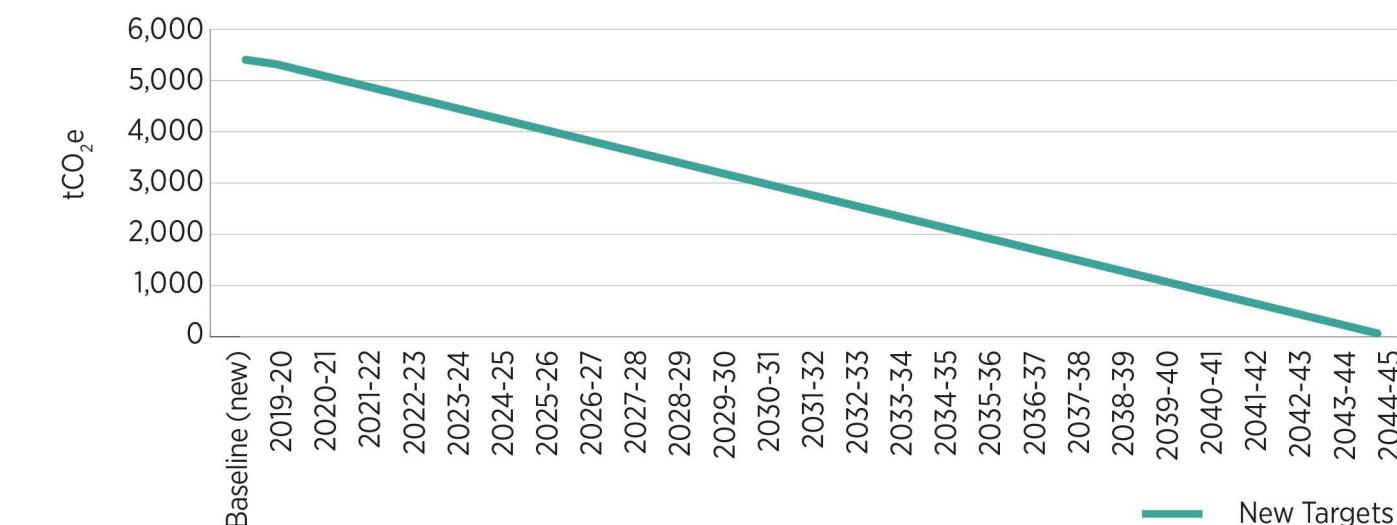
Energy and carbon management

Our greenhouse gas emissions for 2024-25 were 4,067 tCO₂e (tonnes of carbon dioxide equivalent) which is consistent with 4,068 tCO₂e for 2023-24.

HES carbon targets

Last year we updated our baseline year to 2018-19 and aligned our interim years carbon budgets with the 2045 net zero target as required by Scottish Government.

Our Organisational Carbon Trajectory



Sustainability Report continued

Emissions	2023-24 Actual tCO ₂ e ¹	2024-25 Target tCO ₂ e	2024-25 Actual tCO ₂ e	2024-25 Variance from target tCO ₂ e	Percentage reduction against 2018-19 baseline
Scope 1					
Heating – gas	1,697	1,391	1,608	(217)	10%
Heating – other fuels	127	151	99	52	49%
HES fleet and plant	183	303	258	45	34%
Scope 2					
Electricity (includes use and transmission and distribution)	1,621	1,861	1,746	115	27%
Scope 3					
Water	21	60	25	35	68%
Waste	16	126	7	119	96%
Business travel	399	311	324	(13)	19%
Total	4,068	4,203	4,067	136	24%

While this year's carbon performance remains within our overall carbon budget, we have missed our target for energy which has been exceeded by 53 tCO₂e. This is due to an increase in our electricity consumption by 7% compared with last year. This increase has, however, been offset by emissions reductions from waste and water. Waste emissions have reduced significantly since the launch of a new national waste contract in 2020, which has diverted waste from landfill. In addition, this year's national emissions factors for incineration and recycling of waste have also reduced, which accounts for the emissions reduction from last year despite our waste tonnage increasing.

This year we have been able to account for more scope 3 emissions sources, including hotel stays, which has helped to improve understanding of our carbon impact.

Decarbonisation feasibility studies have been undertaken for 11 sites across the estate. Proposed improvements will transition the buildings to clean heating, generate renewable electricity and reduce energy consumption.

Circular economy

HES Waste and Resources Plan – Towards a circular economy (2022-25)

In its final year, the HES Waste and Resources Plan reduced carbon emissions from waste by 93% by reducing the landfilling of waste from 27% of the total to 0.5%, however it missed some of its key targets. We have made significant progress on some key targets, including achieving our target of reduction of waste to landfill and made progress towards increasing reuse. Total waste is now about the same as it was in our baseline year of 2019-20, it has been increasing annually since reopening post-lockdowns and with this disruption it has been difficult to get a clear picture of waste. Being back to where we were pre-pandemic, coupled with the progress we have made in more accurately reporting waste and some internal infrastructure

improvements sets us up in a strong position to make changes in future. Next year we will complete a full review of what was achieved and how we could have improved to enable us to develop another plan with achievable targets.

Due to low engagement with our reuse platform Warp-it we have started a new teams channel (Rehome and Relove Hub) to facilitate reuse within the organisation. While we previously only reported reuse from Warp-it, this year's figure also includes items passed on internally through this new hub. This is a positive change both in reducing waste and as a project initiated by one of our Green Champions.

Waste data and targets from the HES Waste and Resources Plan	Baseline 2019-20	Actual 2023-24	Target 2024-25	Actual 2024-25	Achieved
Total waste (tonnes) (reduce by 15% from baseline)	1,021	832	867	1,020	No
Food waste (tonnes) (reduce by 33% from baseline)	37	11	25	35	No
Recycling rate (%) (70% by 2025)	55%	56%	70%	53%	No
Municipal waste recycling rate (%) (40% by 2025)	21%	33%	40%	28%	No
Reuse (200 claims by 2025)	1	29	200	82	No
Biodegradable waste to landfill (tonnes) (zero by 2025)	15.0	2.0	0.0	0.5	No
Landfill (%) (less than 5% by 2025)	27%	1%	≤5%	0.3%	Yes

1 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 2023-24 were previously reported at 3,920 and have been restated at 4,068.

Sustainability Report continued

Climate impacts and adaptation

Our Grants and Climate Change teams have been working together to improve the information provided on climate action and especially adaptation measures on projects proposed in grant applications. This will help us better assess how our grants are supporting climate adaptation.

The Early Career Research Fellow on the Climate Change Team, funded through the Arts and Humanities Research Council Early Career Fellowship in Cultural and Heritage Institution programme, is now more than halfway through her project. 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.

Sustainable travel

Additional sites have been included in the Good Journey promotion which gives visitors who travel by bike or public transport a 25% discount on their ticket. We were able to add three sites in 2024 (Dumbarton Castle, Linlithgow Palace, Aberdour Castle), and five additional sites were added at the end of March 2025 (Jarlshof, Newark Castle, Bishop's and Earl's Palaces, Elgin Cathedral, Bonawe Iron Furnace). To complement this, a new "Good Traveller" rare card has been added to History Hunt cards for HES Members. Available at 20 sites included in the Good Journey promotion, members can collect these cards when arriving by train, bike or bus. This will help promote sustainable travel amongst visitors to our sites.

Our Climate Change team facilitated sessions of cycle-related training for HES staff in the first quarter of 2025. Its purpose was to promote active travel amongst HES staff and encourage them to commute to work by bike, as well as consider using a bike while on business travel or in their leisure time. This work supports our efforts to raise awareness about the Sustainable Travel Hierarchy and aligns with the objectives of the Sustainable Travel Strategy. Eleven people participated. Additionally, 16 people were able to take advantage of bike maintenance sessions offered.

Responsible tourism

As part of our ongoing collaboration with the University of Glasgow and the Be.CULTOUR project, we supported a new cohort of students in assessing the circularity of Caerlaverock Castle using Be.CULTOUR's 'Sustainable Cultural Tourism Impacts Assessment Framework'. In November 2024, we brought together the students, local stakeholders from Dumfries and Galloway and HES staff to explore the potential of Caerlaverock Castle as a Shared Destination: one that benefits the local environment, community and visitor experience. The workshop received excellent feedback and has led to the formation of three focus groups, through which stakeholders will be taking action points forward. This workshop and resultant outcomes have highlighted both our commitment to knowledge sharing and the potential for HES to be a leader in shaping sustainable places with Responsible Heritage Tourism at the heart. Additionally, this shared destination workshop aligns strongly with several key areas of our Climate Action Plan, including supporting a circular economy and sustainable procurement, encouraging sustainable travel, and promoting responsible tourism.

Landscape and biodiversity

Efforts to support biodiversity continue across our work, with a focus on the properties in our care. Our internal landscape and ecology experts undertake site visits; work on Scheduled Monument Consent, planning applications and licensing from NatureScot; and give advice to teams across the organisation. Our Ranger team continue their work to protect green space and encourage biodiversity in their management of Holyrood Park, Linlithgow Peel and in Orkney.

Sustainable procurement

We have developed our cleaning contract to ensure that there is more awareness of the products used and what sustainable swaps we can do to constantly improve, as well as minimising deliveries to reduce our carbon footprint.

This Performance Report has been approved by:

Katerina Brown

Katerina Brown

Chief Executive and Accountable Officer

20 November 2025

Accountability Report

Aithisg air Cunntachalachd

Structure, governance and management

Structar, riaghachas agus stiùireadh

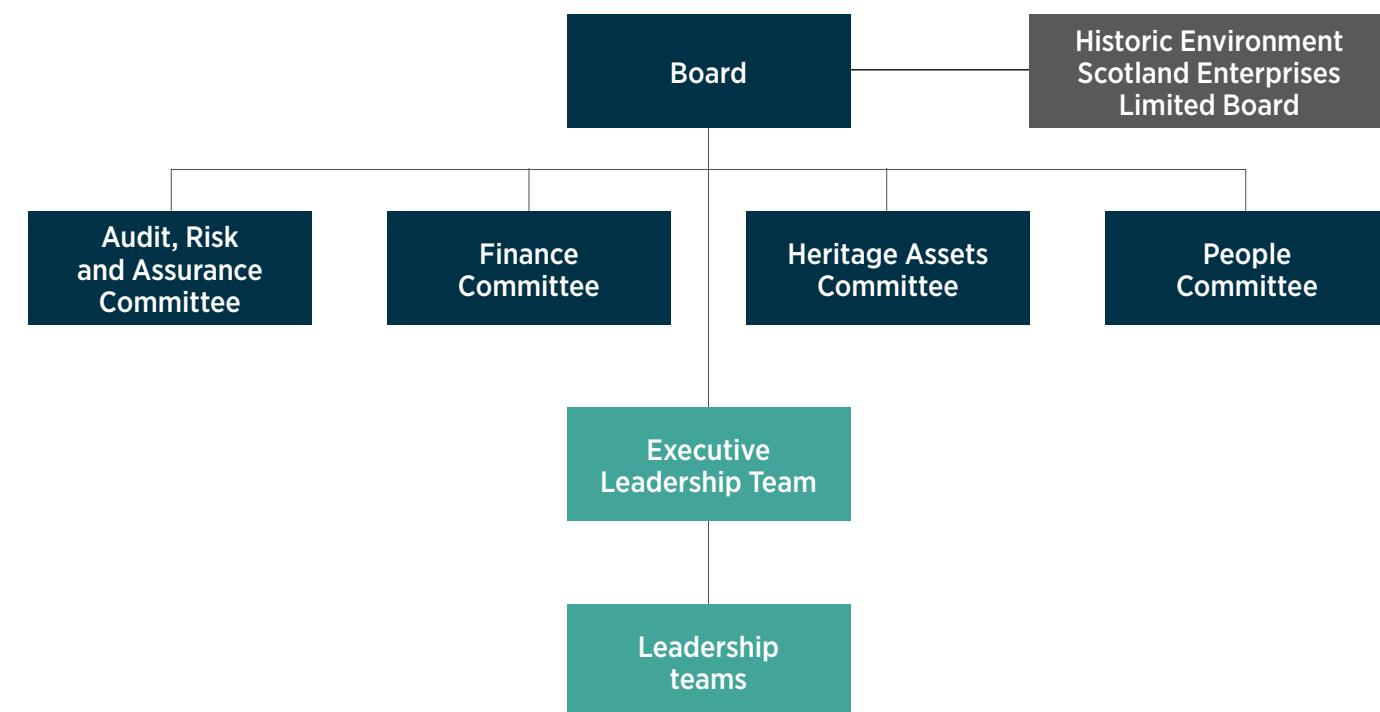


HES is a non-departmental public body (NDPB) created under The Historic Environment Scotland Act 2014 and is also a registered charity.

Our [Framework Document](#), drawn up by the Scottish Government in consultation with the HES Board, sets out a broad framework for how we operate.

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

Governance structure during 2024-25:



View information about the
[Framework Document](#)

Structure, governance and management continued

Board

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

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

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

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

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

To discharge their responsibilities, the Board met seven times, including three strategy days during 2024-25 (2023-24: seven meetings including three strategy days). At every regular meeting, the Board received a report on key operational matters from the Chief Executive, a financial report, minutes or updates from the Board committees and reports on specific topics as required. Risk-related items were highlighted as necessary.

Board members work to the high standards of conduct outlined in The Ethical Standards in Public Life etc. (Scotland) Act 2004. The Board is subject to a Code of Conduct and is required to ensure that all relevant interests are declared. Copies of the Code of Conduct, the Register of Declared Interests and approved Board Minutes are available online at <https://www.historicenvironment.scot/about-us/who-we-are/our-board/board-papers/>.

Board members are appointed by Scottish Ministers following an open process. These appointments are regulated by the Commissioner for Ethical Standards in Public Life in Scotland. The Scottish Government Public Appointments Team oversees the process of recruiting and appointing new board members. Advertisements for new board members are published and shared widely, followed by shortlisting and interviews, with the interview panel consisting of a Scottish Government representative, the HES Chair and an independent appointer. The panel's recommendation is then approved by the Cabinet Secretary.

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

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

Board committees

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

The Audit, Risk and Assurance Committee's role is to advise and support the Board and the Accountable Officer in their responsibilities for issues of risk, control, and governance of both HES and its subsidiary Historic Environment Scotland Enterprises Limited (HESe) through a process of constructive challenge. The Committee will advise the HES and HESe Boards and Accountable Officer on the strategic processes for risk management, including an assurance that the risk appetite of the organisation decided by the HES Board is being taken into account appropriately. The Committee is chaired by a non-executive board member and meets on a quarterly basis. Reports are received from the Director of Finance and Corporate Services, Head of Internal Audit, and

our external auditors. The Committee supports the Board and the Accountable Officer in reviewing the effectiveness of the internal control environment.

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

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

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

Structure, governance and management continued

Board and committee membership and attendance

Board and committee membership and attendance during 2024-25 were:

Board member	Board	Audit, Risk and Assurance Committee	Finance Committee	Heritage Assets Committee	People Committee
Dr Hugh Hall, Chair	7/7				
Prof Ian Baxter ¹	3/3			2/2	
Ian Brennan ²	4/4	3/3			
Gemma Butterfield	7/7				5/6
Andrew Davis	7/7		4/5		
Joe Doogan ³	5/7			2/4	3/3
Emma Herd ⁴	6/7	2/2			3/3
Simon Hodge ⁵	7/7	4/4	5/5		
Gary Jebb	7/7			4/4	
Ann Leslie	6/7		4/5		
Terry Levinthal	7/7	5/5		4/4	
Dr Nkosana Mafico ⁶	3/3	0/1			
Anne-Marie O'Hara	7/7				5/6
David Richardson ⁷	3/3				
Ian Robertson ⁸	2/4			1/2	
Independent co-opted members					
Prof Ian Baxter ¹				2/2	
Susan Mitchell ⁹		4/5			

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

<https://www.historicenvironment.scot/about-us/who-we-are/our-board/board-members/>

Dr Hugh Hall resigned as Chair on 5 September 2025. Sir Mark Jones was appointed as Chair from 22 September 2025. Terry Levinthal resigned as board member on 16 September 2025 and Anne-Marie O'Hara resigned as board member on 24 September 2025. Susan Deighan and Ray Macfarlane were appointed as board members from 10 November 2025. There were no other changes to the Board membership from 31 March 2025 to the date this Annual Report was approved.

¹ Heritage Assets Committee independent co-opted member to 31 October 2024, Board and Heritage Assets Committee member from 1 November 2024

² Board and Audit, Risk and Assurance Committee member to 31 October 2024

³ People Committee member from 1 November 2024

⁴ People Committee member to 31 October 2024 and Audit, Risk and Assurance Committee member from 1 November 2024

⁵ Audit, Risk and Assurance Committee member to 12 November 2024

⁶ Board and Audit, Risk and Assurance Committee member from 1 November 2024

⁷ Board member from 1 November 2024

⁸ Board and Heritage Assets Committee member to 31 October 2024

⁹ Audit, Risk and Assurance Committee independent co-opted member from 13 May 2024

Chief Executive and the Executive Leadership Team

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



Executive Leadership Team members during 2024-25 and to the date of this Annual Report were:

- **Katerina Brown**,
Chief Executive from 16 September 2024
- **Craig Mearns**,
Interim Chief Executive (from 1 April 2024 to 15 September 2024), Director of Operations (from 16 September 2024)
- **Roger Curtis**,
Interim Director of Operations (from 1 April 2024 to 6 October 2024)
- **Stephen Duncan**,
Director of Marketing and Engagement
- **Elizabeth McCrone**,
Director of Heritage
- **Dr David Mitchell**,
Director of Cultural Assets
- **Lindsey Ross**,
Director of People
- **Craig Marshall**,
Interim Director of Finance and Corporate Services
- **Alison Turnbull**,
Director of External Relations and Partnerships

There were no changes to the Executive Leadership Team from the 31 March 2025 to the date this Annual Report was approved.

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

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

Group structure

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

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

Statement of Accountable Officer's 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 comply with directions given by Scottish Ministers.

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

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

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

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 the 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 Riaghachais

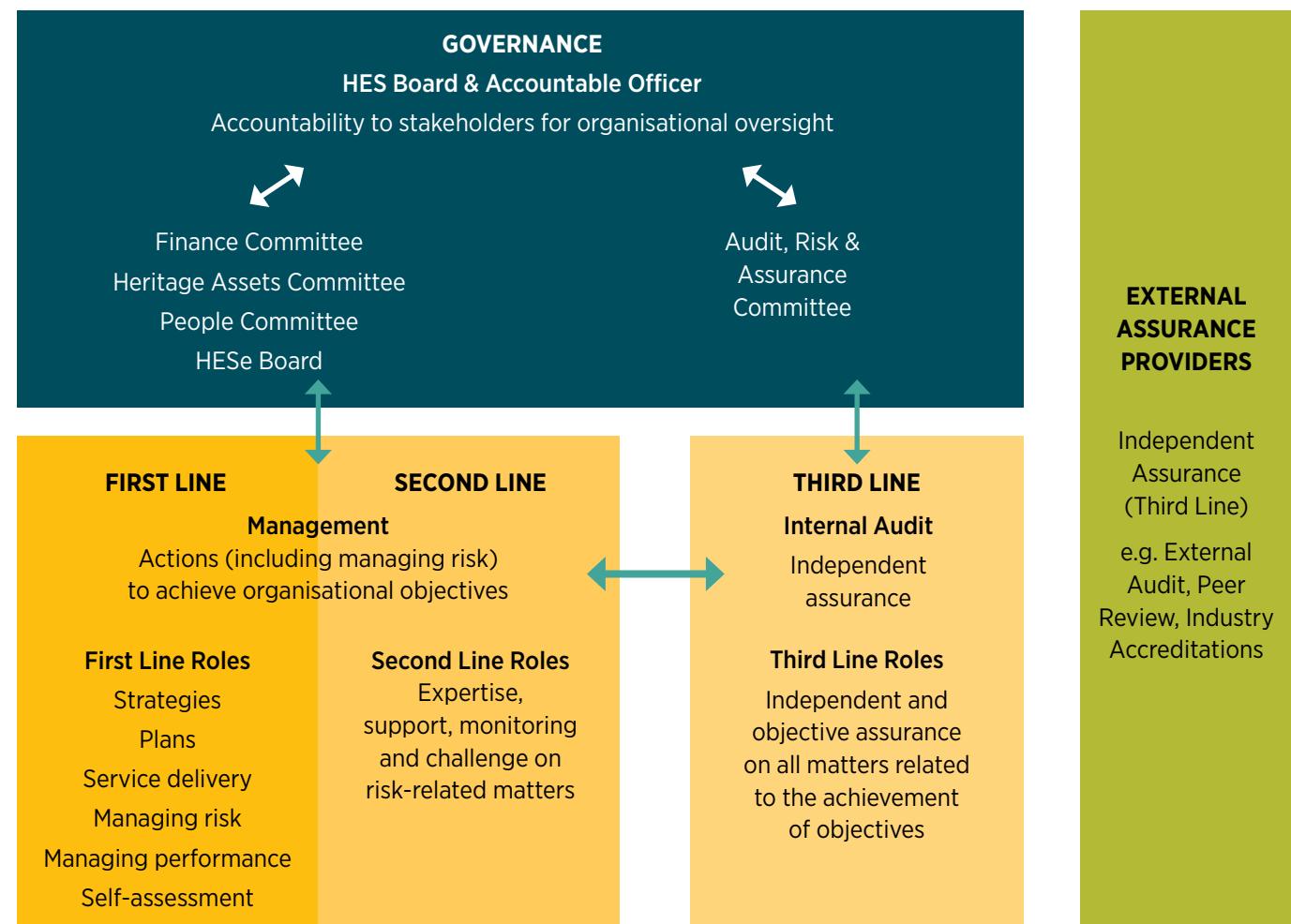
The Scottish Public Finance Manual (SPFM) requires that I, as Accountable Officer, take personal responsibility for the Governance Statement. The statement below sets out the key elements of HES's internal control framework and my conclusion on this. The statement is approved personally by me, as Accountable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

Scope of responsibility

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

I am also responsible for providing the necessary assurances to the Principal Accountable Officer

HES Assurance Framework – Three lines model



to enable them to sign the Governance Statement contained within the Scottish Government consolidated financial statements.

I was absent between 2 May 2025 and 22 August 2025. Since that date there have been restrictions placed on my working arrangements which have inhibited the discharge of my responsibilities. During this time interim arrangements were put in place to ensure the stability of the organisation. Our Executive Leadership Team worked closely with our sponsorship team in Scottish Government, and the Board throughout this period.

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

Governance Statement continued

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 2025.

Risk management and internal controls

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

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

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

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

our risk appetite is cautious, preferring safer options that have a lower degree of risk. Protection of life and avoidance of serious injury are our primary objectives and takes precedence over other considerations.

We maintain a risk register to support the delivery of our strategic priorities. The risk register is reviewed regularly 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. The key risks to the delivery of our strategic priorities are set out on page 14.

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

HES has an Information Asset Register which includes an up-to-date and compliant Record of Processing Activities (ROPA). HES had no cause to report to the Information Commissioner's Office during 2024-25 (2023-24: none). HES has reported seven breaches of personal data to the Information Commissioner's Office from 31 March 2025 up to the date of the approval of the Annual Report and Financial Statements. Five of these incidents related to sensitive HR matters being published in the press. One incident related to the transferring of sensitive data to another organisation without appropriate legal agreements in place. A further incident related to the unauthorised sharing of personal data.

HES has an appraisal system to assess the performance of individual staff members. The Board and Audit, Risk and Assurance Committee also regularly conduct a collective self-assessment of performance. The Board's self-assessment wasn't fully completed in 2024-25 due to other work pressures.

The systems of internal control have been in place for the year ended 31 March 2025 and up to the date of the approval of the Annual Report and Financial Statements.

Internal Audit Opinion

The Head of Internal Audit and Business Improvement's annual opinion for 2024-25 assessed HES's system of risk, governance, management and internal control as limited. This means that there are weaknesses in the current risk, governance and/or control procedures that either do, or could, affect the delivery of any related objectives. In reaching this opinion the lack of progress and engagement with implementing management actions to address recommendations made by Internal Audit is an area which needs significant improvement. Improvement in fraud risk management arrangements have been noted however there have been some issues in maintaining engagement. There has been little progress over the last year with addressing gaps in terms of policy and process around compliance

Internal audit's 2024-25 reports can be summarised as follows:

Internal Audit Report	Overall Report Rating	Risk Rating of 2024-25 Findings		
		HIGH	MEDIUM	LOW
Implementation of PMO	Satisfactory	1	6	0
Performance Metrics	Satisfactory	0	4	1
35 Hour Working Week Project	Satisfactory	0	2	1
Climate Action Plan	Limited	2	4	0
Inventory Management	Limited	3	2	2

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 progress being made between 31 March 2025 and the date of approval of the Annual Report and Financial Statements.

across the HES estate. At the end of the year, agreement was reached on development of a programme to progress a risk-based approach to prioritising compliance activity, however the momentum needs to continue during 2025-26 with timelines being achieved. Implementation of agreed actions following the limited assurance review of Archive House during 2022-23 was noted as a concern in the 2023-24 report and one of the risks did crystallise. Improvement recommendations need to be addressed for future projects. Additionally a Business Continuity Policy was approved in January 2025 and it is hoped that this leads to formalising HES's business continuity management framework during 2025-26 to reduce risk in this area. Exposure to the weaknesses identified is moderate and being mitigated.

Governance Statement continued

Review of effectiveness

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

- The work of the Board and the strategic direction it gives to HES, in particular around governance
- The work and views of the Audit, Risk and Assurance Committee
- Documented assurances from directors and other senior leaders within the organisation who have responsibility for the development and maintenance of the internal control framework
- The work of the Internal Auditor, who submits to the Audit, Risk and Assurance Committee regular reports, which include the Head of Internal Audit and Business Improvement's independent and objective opinion on the adequacy and effectiveness of the HES systems of internal control, together with recommendations for improvement
- Comments made by the External Auditor in their management letter and other reports.

Follow-up on issues reported in our 2023-24 governance statement

We reported on the following issues in our 2023-24 Governance Statement on which we required further assurance:

Compliance assurance and reporting

HES is required to fulfil a range of operational, legislative and regulatory frameworks in relation to the properties in our care and our operations. Assurance and reporting on compliance with these frameworks is not yet at an appropriate level.

We launched the Safety Compliance Improvement Programme (SCIP) in May 2025 to align Asset Management and Health & Safety activities across the organisation.

SCIP is structured around five thematic workstreams – Asset Management, Occupational Health, Fire, Safety & Physical Security, Martyn's Law, Solution Specification, and Change Management. Key objectives include the implementation of a digital Integrated Management System (IMS) by March 2027, improve safety and asset management compliance performance, demonstrate compliance through integrated, user defined reporting, Martyn's Law delivery, and enhance staff competence and engagement. An update on this issue will be reported in the 2025-26 Annual Report and Financial Statements.

2024-25 issues

During the year a number of new issues were identified and these have been reported under Principal Risks. A range of mitigating actions have been identified, and these are either operational or in progress and will be reported on in the 2025-26 Annual Report and Financial Statements.

One emerging risk has been around people and culture. In addition to the actions outlined in the Principal Risks on this issue, a wider independent culture review will be an area of focus for the year ahead.

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

Conclusion

Based on the assurances provided to me, I am satisfied that the system of internal control provides reasonable assurance of effective operation. However, some weaknesses were identified during the year, and appropriate action plans are in place to address these areas.

Remuneration and Staff Report

Aithisg Co-dhìolaidh is Luchd-obrach

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

Remuneration policy

HES operates a [pay and grading arrangement](#) which is available to view on our website.

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

The Board in approving the pay award has regard to:

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

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

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

Service contracts

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

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

Remuneration and Staff Report continued

Board Members' remuneration – audited

HES board members are remunerated as is standard practice for board members of NDPBs. Remuneration is in recognition of the value that board members bring to HES, as well as the personal and professional responsibilities that come from serving on a significant, public-sector board. The total fees payable to the Board for 2024-25 were £71,000 (2023-24: £64,000). The fees earned for individual board members for the year to 31 March 2025 were as follows:

Board member	2024-25 Fees £	2023-24 Fees £
Dr Hugh Hall, Chair	14,208	14,208
Prof Ian Baxter (from 1 November 2024) ¹	2,280	-
Gemma Butterfield ²	4,104	-
Ian Brennan (to 31 October 2024) ¹	3,648	5,472
Dr Janet Brennan (to 18 June 2023) ³	-	-
Andrew Davis	5,472	5,472
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 ³	-	-
Terry Levinthal	5,472	5,472
Anne-Marie O'Hara	5,472	5,472
Dr Nkosana Mafico (from 1 November 2024) ¹	2,280	-
Dr Fiona McLean (to 18 June 2023) ⁴	-	1,026
David Richardson (from 1 November 2024) ¹	2,280	-
Ian Robertson (to 31 October 2024) ¹	3,648	5,472
Dr Paul Stollard (to 18 June 2023) ³	-	-

Board members' remuneration is non-pensionable.

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

¹ The full year equivalent remuneration for 2024-25 would have been £5,472.

² Elected to receive board members' remuneration from 1 July 2024.

The full year equivalent remuneration for 2024-25 would have been £5,472.

³ Elected not to receive board members' remuneration.

⁴ The full year equivalent remuneration for 2023-24 would have been £5,472.

Executive Leadership Team salaries and pension benefits – audited

The total salaries and pension entitlement earned by the Executive Leadership Team for 2024-25 was £1,110,000 (2023-24: £1,231,000). The salary and pension entitlement earned for individual Executive Leadership Team members for the year to 31 March 2025 were as follows:

Director	2024-25 Salary £000	2023-24 Salary £000	2024-25 Pension benefits £000	2023-24 Pension benefits £000	2024-25 Total £000	2023-24 Total £000
Katerina Brown¹ Chief Executive (from 16 September 2024)	75-80	-	31	-	110-115	-
Alex Paterson, Chief Executive (to 31 March 2024)	-	125-130	-	50	-	175-180
Roger Curtis² Interim Director of Operations (from 1 April 2024 to 6 October 2024)	35-40	-	66	-	100-105	-
Stephen Duncan Director of Marketing and Engagement	85-90	105-110	34	84	120-125	190-195
Gary Love Project Director (to 30 September 2022)	-	10-15	-	-	-	10-15
Craig Marshall³ Interim Director of Finance and Corporate Services (from 23 October 2023)	75-80	30-35	30	3	105-110	35-40
Elizabeth McCrone Director of Heritage	90-95	100-105	53	81	145-150	180-185
Craig Mearns Director of Operations (Interim Chief Executive from 1 April 2024 to 15 September 2024)	105-110	100-105	18	12	125-130	115-120
Dr David Mitchell Director of Cultural Assets	85-90	105-110	66	56	150-155	160-165
Donella Steel⁴ Director of Finance and Corporate Services (to 19 November 2023)	-	55-60	-	5	-	60-65
Lindsey Ross Director of People	85-90	105-110	34	46	120-125	150-155
Alison Turnbull Director of External Relations and Partnerships	85-90	105-110	34	33	120-125	140-145

¹ The full year equivalent salary for 2024-25 would have been in the range of £145,000 to £150,000.

² The full year equivalent salary for 2024-25 would have been in the range of £75,000 to £80,000.

³ The full year equivalent salary for 2023-24 would have been in the range £70,000 to £75,000.

⁴ The full year equivalent salary for 2023-24 would have been in the range £85,000 to £90,000.

Remuneration and Staff Report continued

'Salary' includes gross salary, supplements, allowances and the 2023-24 salary includes a one-off payment received by the Executive Leadership Team to achieve pay parity which covers the period from 18 October 2021 to 19 November 2023. The Executive Leadership Team did not receive any bonuses or benefits in kind in 2024-25 or 2023-24.

'Pension benefits' are calculated as the real increase in pension multiplied by 20 less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights. Decreases in pension values in real terms are shown as negative pension benefits.

The pension benefits of any members affected by the public service pensions remedy which were reported in 2022-23 based on alpha membership for the period between 1 April 2015 and 31 March 2022 have been reported since 2023-24 based on PCSPS membership for the same period.

Compensation for loss of office

No member of the Executive Leadership Team received compensation for loss of office for 2024-25. (2023-24: nil)

Pension benefits

The pension entitlements earned by the Executive Leadership Team for 2024-25 were:

Director	Accrued pension at pension age at 31 March 2025 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31 March 2024		Real increase in CETV £000	Partnership Account £000
			CETV at 31 March 2025 £000	restated £000		
Katerina Brown Chief Executive (from 16 September 2024)	0-5	0-2.5	26	-	20	-
Roger Curtis Interim Director of Operations (from 1 April 2024 to 6 October 2024)	20-25	2.5-5	456	384	67	-
Stephen Duncan Director of Marketing and Engagement	50-55	0-2.5	954	847	28	-
Craig Marshall Interim Director of Finance and Corporate Services	10-15	0-2.5	172	135	20	-
Elizabeth McCrone Director of Heritage	25-30 plus a lump sum of 65-70	2.5-5 plus a lump sum of 2.5-5	600	531	42	-
Craig Mearns ¹ Director of Operations (interim Chief Executive from 1 April 2024 to 15 September 2024)	-	-	-	-	-	18
Dr David Mitchell Director of Cultural Assets	35-40	2.5-5	798	708	57	-
Lindsey Ross Director of People	10-15	0-2.5	147	112	19	-
Alison Turnbull Director of External Relations and Partnerships	10-15	0-2.5	215	171	23	-

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

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 that 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.

Fair pay disclosures – audited

In accordance with public sector reporting requirements, HES discloses the relationship between the remuneration of the highest paid director and that of the organisation's workforce. The table below outlines the relevant figures for 2024-25 and 2023-24:

Remuneration range	2024-25 £000	2023-24 £000	Change
• Minimum annualised salary	24	23 ¹	6.5
• Average salary (excluding highest paid director)	40	37	8.9
• Band of highest paid director	145-150	125-130	15.7
Ratios			
Median total remuneration	£30,361	£28,721	5.7
Ratio of median total remuneration to highest paid director	4.86	4.44	9.4
Lower quartile median total remuneration	£25,550	£23,831	7.2
Ratio of lower quartile total remuneration to highest paid director	5.77	5.35	7.9
Upper quartile median total remuneration	£40,896	£38,988	4.9
Ratio of upper quartile total remuneration to highest paid director	3.61	3.27	10.3

Total remuneration includes salary and allowances. It does not include employer pension contributions and the cash equivalent transfer value of pensions. There were no performance pay or bonuses paid to any staff, including the highest paid director, in 2024-25 or 2023-24. No employees received remuneration in excess of the highest paid director in either year.

HES remains a Living Wage Accredited employer and is committed to fair pay and equitable pay practices. We ensure that all employees and those working with us are compensated fairly for their contributions.

The changes in remuneration and pay ratios for 2024-25 are influenced by several factors. These include the application of the Scottish Public Sector Pay Policy for 2023-25, which introduced differentiated pay adjustments across grades, with more limited uplifts for senior roles. Additionally, a change in the remuneration level at the most senior post within the organisation has contributed to an increase in the highest pay band, which in turn has affected the overall pay ratio calculations. Meanwhile, the majority of employees remain within Bands A-C and have reached the upper points of their respective pay scales, resulting in relatively stable median remuneration figures.

HES believes that the current pay ratios are consistent with our pay, reward and progression policies, and continue to support fairness and transparency across the organisation.

¹ Restated from £22,000 to £23,000.

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 that 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 Master trust. 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

Remuneration and Staff Report continued

Staff Report**Staff costs – audited**

Group and Charity staff costs comprise:	2024-25 £000	2023-24 £000
Wages and salaries:		
• Permanent	51,832	45,865
• Other staff	5,194	4,220
Total wages and salaries	57,026	50,085
Social security costs	5,654	4,938
Employer's contributions to pension schemes	16,344	13,141
Agency temporary staff costs	634	281
Total employment costs	79,658	68,445
Less: Recoveries in respect of outward secondments	-	-
Add: Inward secondment costs	356	245
Total net costs	80,014	68,690

Employees who received benefits, excluding pension costs, of more than £60,000:

	2024-25	2023-24
Banding		
£60,000 – £69,999	35	30
£70,000 – £79,999	9	3
£80,000 – £89,999	5	6
£90,000 – £99,999	2	-
£100,000 – £109,999	1	-
£120,000 – £129,999	-	1
Total	52	40

Staff numbers – audited

The average number of full-time equivalent (FTE) staff employed for 2024-25, by occupational group, were:

Group and Charity	2024-25 Permanent FTE	2024-25 Other FTE	2024-25 FTE	2023-24 Permanent FTE	2023-24 Other FTE	2023-24 FTE
	2024-25 FTE	2024-25 FTE	2024-25 FTE	2023-24 FTE	2023-24 FTE	2023-24 FTE
Cultural Assets	159	37	196	153	32	185
External Relations and Partnerships	42	6	48	42	5	47
Finance and Corporate Services	133	3	136	129	3	132
Heritage	122	14	136	123	10	133
Marketing and Engagement	171	11	182	153	15	168
Operations	729	86	815	684	67	751
People	38	5	43	36	3	39
Senior Management	8	-	8	8	-	8
Agency/temporary staff	-	39	39	-	53	53
Total	1,402	201	1,603	1,328	188	1,516

The average number of staff employed for 2024-25 were:

Group and Charity	2024-25 Headcount	2023-24 Headcount
Full time	1,359	1,277
Part time	426	378
Total	1,785	1,655

The average number of staff by band and gender for 2024-25 were:

Band	2024-25 Male Headcount	2024-25 Female Headcount	2024-25 Total Headcount	2023-24 Male Headcount	2023-24 Female Headcount	2023-24 Total Headcount
	2024-25 Headcount	2024-25 Headcount	2024-25 Headcount	2023-24 Headcount	2023-24 Headcount	2023-24 Headcount
Chief Executive	-	1	1	1	-	1
Director	4	3	7	3	4	7
Band F	31	21	52	32	20	52
Bands A – E	861	864	1,725	811	784	1,595
Total	896	889	1,785	847	808	1,655

Remuneration and Staff Report continued

Turnover

The employee turnover rate for 2024-25 is 14.4% (2023-24: 15.7%). This figure can be broken down into voluntary (8.1%) and non-voluntary (6.3%). Non-voluntary includes the end of fixed term contracts including our seasonal colleagues.

Sickness absence

For 2024-25, the average sickness absence was 10.5 days (2023-24: 9.2 days) and 16,394 total days (2023-24: 14,667 days). This is split into 4.1 average number of working days lost to ill-health short-term absences (2023-24: 3.1 days) and 6.4 average number of working days lost to ill-health long-term absences (2023-24: 6.1 days).

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

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

**Colleague engagement survey**

HES undertake full colleague engagement surveys every two years, with a Wellbeing survey in alternate years. The last 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. Feedback from the Engagement Survey was built into the creation of our 2025-30 People Strategy and therefore actions will be embedded into our People Strategy Action Plan. Directorate specific actions will be fed into Directorate plans. We are dedicated to regular and open communication to continue to ensure HES is a great place to work.

Equal opportunities and diversity

HES's commitment to equality of opportunity is outlined in our Equality Outcomes Reports. 2024-25 is the final year of **Mainstreaming and Equality Outcomes Report 2021-25** and we published our **Equalities Outcomes Report 2025-29** in March 2025.

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

Our latest gender pay gap data was published in the Mid-Term Equalities Report 2025. It remains low: 0% mean calculation; 0% median calculation.

We acknowledge the under-representation within our workforce, particularly among disabled individuals and those from minority ethnic backgrounds. To address this, we have implemented positive action initiatives in collaboration with charitable organisations, ensuring that opportunities are advertised to a broader and more diverse pool of candidates. We have also improved internal knowledge and development, and undergone feedback sessions from people with lived experience.

We know this is an area of challenge for us, and as part of our annual Equality Action Plan for 2024-25 we have further developed our approach on the use of positive action in our recruitment and training offer, ensuring that equality underpins our employee development and recruitment initiatives. We also relaunched our recruitment system ensuring a more inclusive experience for all users, for example, we now send out interview questions in advance, and

from September 2025 we will be anonymising applications. In 2025-26, we will review our recruitment advertising practices to ensure they actively support our commitment to workforce diversity. To demonstrate 'due regard' as required by the Equality Act 2010, we have established an equality impact assessment process, supported by a dedicated toolkit to evidence our compliance with the general equality duty. Our Equality Outcomes for 2025-29 are:

- **Our society:** We empower underrepresented communities in shaping change and create opportunities promoting equality and justice.
- **Our services:** We work to remove barriers to access, creating meaningful engagement opportunities for everyone, regardless of who they are.
- **Our People:** We continue to strive for a truly diverse and inclusive culture where people feel valued and can be their true self.

Employees with disabilities

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



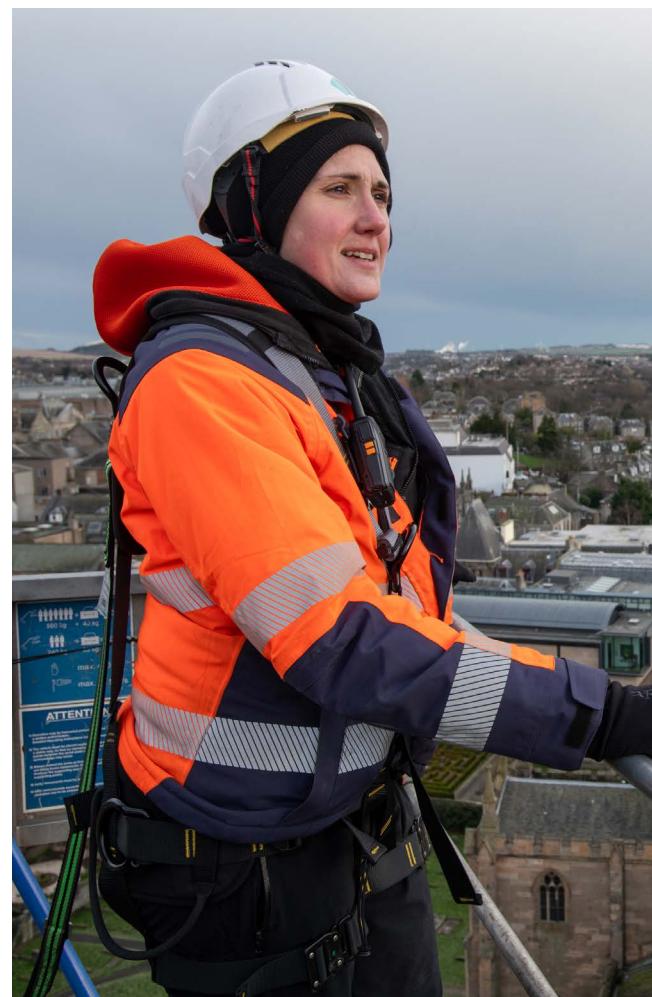
View the **Mainstreaming and Equality Outcomes Report 2025-29**

Remuneration and Staff Report continued

Health, safety and security at work

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

Trained health and safety staff representatives are present at all HES sites, as well as a small corporate team of health and safety, fire and physical security advisers. They ensure that each site remains safe not only for staff, but also for visitors, with dedicated visitor safety risk assessments and fire risk assessments being used specifically to protect visitors from site hazards at ancient monuments. This year, Fire Safety Advisors have assisted sites with ensuring Emergency Fire Plans are updated and briefed to site teams and provided specific training to Fire Protection Officers.



Our staff complete annual training in relation to information security and counter terrorism. Our Physical Security team provide advice in relation to aspects of physical security for colleagues, visitors, properties, assets, collections and our 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. This process is ongoing to reach colleagues across the estate.

Following the announcement in April 2025 that the Terrorism Protection of Premises Act 2025 has been given Royal Assent, work is underway to ensure that HES will fulfil its legal requirements to deliver appropriate measures to mitigate the threat of terrorism to the public at HES sites.

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

The table below shows Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) reportable incidents, as well as recorded visitor and staff accidents.

	2024-25	2023-24
RIDDOR incidents	6	7
Visitor accidents	335	301
Staff accidents	108	103

All RIDDOR incidents relate to staff.

Staff accidents have increased 5% and visitor accidents have increased by 11% during a period where visitor numbers increased by 4%.

The leading cause of accidents in 2024-25 was slip/trip/fall, accounting for 198 visitor accidents and 34 staff accidents.

Learning and development

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

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

Resourcing

HES aims to create an organisation where work can be planned and delivered in line with an established workforce plan and flexible resourcing. Recruitment to HES is fair, open and based on merit. Staff are the best resource for ensuring the growth and success of HES as an organisation. During 2024-25, HES developed the first organisation wide Strategic Workforce Plan, which will support workforce development over the next three to five years.

Employee consultation

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

Trade union relationships

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

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

Number of employees who were relevant union officials during 2024-25	16
Full-time equivalent employee number	14.5
Percentage of time spent on facility time:	Number of employees
0%	13
1-50%	2
51-99%	1
100%	-
Total cost of time	£27,860
Total pay bill	£80,014,000
Percentage of total pay bill spent on facility time	0.03%
Time spent on paid activities as a percentage of total paid facility time	66%

Remuneration and Staff Report continued

Volunteers

HES provided and supported opportunities to 474 volunteers in 2024-25 (2023-24: 334) in roles which included our visitor connector volunteers, event volunteers and conservation volunteers. The growth in overall volunteers is due to an increase in session volunteering (specifically in Holyrood Park Practical Conservation Groups and Community Archaeology), as well the introduction of the NCAP Digital Connector volunteering role. Hours contributed by session or regular volunteers (not counting micro-volunteering) was 3,985, which translates to 569 days volunteering (2023-24: 528 days).

HES also offers micro-volunteering opportunities which are easy-to-access, no-commitment, in-person or digital tasks that take about 30 minutes or less to complete. Opportunities include taking part in Monument Monitor, undertaking beach cleans and litter picks at participating sites, and engaging digitally with the National Record of the Historic Environment. There were 5,352 micro-volunteering contributions in 2024-25, a decrease from 6,154 in 2023-24. This is mainly because Scran micro-volunteering was halted while preparations for the launch of trove.scot were underway.

**Exit packages – audited**

Exit package cost band	Voluntary departures agreed	Cost of exit package	Voluntary departures agreed	Cost of exit package
	2024-25 Number	2024-25 £000	2023-24 Number	2023-24 £000
<£10,000	–	–	–	–
£10,000 - £25,000	–	–	–	–
£25,000 - £50,000	–	–	–	–
>£50,000	1	50	–	–
Total	1	50	–	–

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

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

Parliamentary accountability
Cunntachalachd dhan Phàrlamaid**Losses and special payments**

There were no losses or special payments during 2024-25 requiring to be disclosed (2023-24: none).

Fees and charges

HES does not levy any statutory fees or charges for its regulatory services and there were none during 2024-25 requiring to be disclosed (2023-24: none).

Gifts

There were no gifts made during 2024-25 (2023-24: none).

Remote contingent liabilities

There were no remote contingent liabilities as at 31 March 2025 or as at 31 March 2024.

Reference and administrative detail

Tuairisgeul agus fiosrachadh rianachail

Registered name

Historic Environment Scotland

Principal office and registered address

Longmore House
Salisbury Place
Edinburgh EH9 1SH

Scottish charity number

SC045925

Trustees

Board members are also trustees for the purposes of charity law and are responsible for complying with their duties as charity trustees. Board members are set out on page 58.

Executive Leadership Team

Day-to-day management of HES is delegated to the Executive Leadership Team and members are set out on page 59.

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:

Katerina Brown

20 November 2025

Katerina Brown

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.

Sir Mark Jones

20 November 2025

Sir Mark Jones

Chair



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

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

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and financial statements of Historic Environment Scotland for the year ended 31 March 2025 under the Historic Environment Scotland Act 2014 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Consolidated Statement of Financial Activity, the Charity Statement of Financial Activity, the Consolidated and Charity Balance Sheets, the Consolidated and Charity Cash Flow Statements and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of the body's affairs as at 31 March 2025 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

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

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 27 May 2025. My period of appointment is three years, covering 2024/25 to 2026/27. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

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

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

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

Risks of material misstatement

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

Responsibilities of the Accountable Officer and trustees for the financial statements

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

In preparing the financial statements, the Accountable Officer and trustees are responsible for assessing the body's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations.

I design procedures in line with my responsibilities outlined above to detect material misstatements in respect of irregularities, including fraud.

Procedures include:

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

Reporting on other requirements

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

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

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

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.

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

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

Other information

The Accountable Officer and trustees are responsible for the other information in the annual report and financial statements. The other information comprises the 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.



20 November 2025

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 2025

Cunntasan bliadhnaile
Bliadhna chriochnaichte: 31 Màrt 2025

Consolidated statement of financial activity for the year ended 31 March 2025

	Note	2024-25 Unrestricted £000	2024-25 Restricted £000	2024-25 Total £000	2023-24 Unrestricted £000	2023-24 Restricted £000	2023-24 Total £000
Income from:							
Government grant in aid		69,342	–	69,342	68,335	–	68,335
Charitable activities	3	51,394	1,725	53,119	47,528	1,456	48,984
Other trading activities	4	21,380	–	21,380	18,846	–	18,846
Donations and legacies		203	–	203	259	–	259
Other income	5	577	–	577	560	–	560
Total income		142,896	1,725	144,621	135,528	1,456	136,984
Expenditure on:							
Raising funds	6	(17,008)	–	(17,008)	(15,356)	–	(15,356)
Charitable activities	7	(113,251)	(1,993)	(115,244)	(106,867)	(1,155)	(108,022)
Grants	8	(10,000)	–	(10,000)	(5,730)	–	(5,730)
Total expenditure		(140,259)	(1,993)	(142,252)	(127,953)	(1,155)	(129,108)
Net income/ (expenditure)		2,637	(268)	2,369	7,575	301	7,876
Transfers between funds	25	–	–	–	20	(20)	–
Gain on revaluation of fixed assets	28	1,719	–	1,719	1,882	–	1,882
Net movement in funds		4,356	(268)	4,088	9,477	281	9,758
Reconciliation of funds							
Total funds brought forward		22,109	3,081	25,190	12,632	2,800	15,432
Total funds carried forward	25	26,465	2,813	29,278	22,109	3,081	25,190

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 93 to 126 form part of these financial statements.

Charity statement of financial activity for the year ended 31 March 2025

	2024-25 Note	2024-25 Unrestricted £000	2024-25 Restricted £000	2024-25 Total £000	2023-24 Unrestricted £000	2023-24 Restricted £000	2023-24 Total £000
Income from:							
Government grant in aid		69,342	–	69,342	68,335	–	68,335
Charitable activities	3	51,394	1,725	53,119	47,528	1,456	48,984
Trading subsidiary donation		5,579	–	5,579	1,874	–	1,874
Donations and legacies		203	–	203	259	–	259
Other income	5	8,058	–	8,058	7,241	–	7,241
Total income		134,576	1,725	136,301	125,237	1,456	126,693
Expenditure on:							
Charitable activities	7	(113,251)	(1,993)	(115,244)	(106,867)	(1,155)	(108,022)
Grants	8	(10,000)	–	(10,000)	(5,730)	–	(5,730)
Other	10	(8,688)	–	(8,688)	(7,473)	–	(7,473)
Total expenditure		(131,939)	(1,993)	(133,932)	(120,070)	(1,155)	(121,225)
Net income/ (expenditure)		2,637	(268)	2,369	5,167	301	5,468
Transfers between funds	25	–	–	–	20	(20)	–
Gain on revaluation of fixed assets	28	1,719	–	1,719	1,882	–	1,882
Net movement in funds		4,356	(268)	4,088	7,069	281	7,350
Reconciliation of funds							
Total funds brought forward		22,109	3,081	25,190	15,040	2,800	17,840
Total funds carried forward	25	26,465	2,813	29,278	22,109	3,081	25,190

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.

Consolidated and charity balance sheets as at 31 March 2025

	2024-25 Note	2024-25 Group £000	2024-25 Charity £000	2023-24 Group £000	2023-24 Charity £000
Fixed assets:					
Intangible assets	15	3,827	3,827	2,600	2,600
Tangible assets	16	45,902	45,902	45,247	45,247
Heritage assets	17	361	361	361	361
Investments	18	–	–	–	–
Total fixed assets		50,090	50,090	48,208	48,208
Current assets:					
Stocks	19	3,267	381	3,012	376
Debtors	20	4,123	9,161	4,284	7,577
Cash at bank and in hand		21,954	19,485	23,520	22,743
Total current assets		29,344	29,027	30,816	30,696
Current liabilities:					
Creditors: amounts falling due within one year	21	(37,912)	(37,611)	(42,219)	(42,112)
Net current liabilities		(8,568)	(8,584)	(11,403)	(11,416)
Total assets less current liabilities		41,522	41,506	36,805	36,792
Creditors: amounts falling due after one year	22	(6,424)	(6,408)	(7,332)	(7,319)
Provisions for liabilities	24	(5,820)	(5,820)	(4,283)	(4,283)
Net assets		29,278	29,278	25,190	25,190
Funds:					
Restricted funds	25	2,813	2,813	3,081	3,081
General reserve	25	1,031	1,031	(3,795)	(3,795)
Designated funds	25	728	728	1,963	1,963
Revaluation reserve	28	24,706	24,706	23,941	23,941
Unrestricted funds		26,465	26,465	22,109	22,109
Total funds		29,278	29,278	25,190	25,190

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

Sir Mark Jones 20 November 2025

Sir Mark Jones
Chair

Katerina Brown 20 November 2025

Katerina Brown
Chief Executive and Accountable Officer

The notes on pages 93 to 126 form part of these financial statements.

The notes on pages 93 to 126 form part of these financial statements.

Consolidated and charity cash flow statements for the year ended 31 March 2025

	2024-25 Note	2024-25 Group £000	2024-25 Charity £000	2023-24 Group £000	2023-24 Charity £000
Reconciliation of net income to net cash flow from operating activities					
Net income		2,369	2,369	7,876	5,468
Adjustments for					
Depreciation	16	2,495	2,495	2,736	2,736
Amortisation	15	188	188	658	658
Impairment of fixed assets	16	7	7	688	688
Loss on disposal of fixed assets	16	75	75	-	-
(Increase)/decrease in stock	19	(255)	(5)	(251)	17
Decrease/(Increase) in debtors	20	161	(1,584)	(1,014)	1,273
(Decrease) in creditors	21,22	(5,215)	(5,412)	(628)	(821)
Increase/(decrease) in provisions	24	1,537	1,537	(48)	(48)
Net cash generated from operating activities		1,362	(330)	10,017	9,971
Cash flows from investing activities					
Purchase of fixed assets	15, 16	(2,928)	(2,928)	(2,658)	(2,658)
Net cash used in investing activities		(2,928)	(2,928)	(2,658)	(2,658)
Net (decrease)/increase in cash		(1,566)	(3,258)	7,359	7,313
Cash at the beginning of period		23,520	22,743	16,161	15,430
Cash at the end of period		21,954	19,485	23,520	22,743
The balances at were held at:					
Government Banking Service		17,304	17,304	20,218	20,218
Commercial bank and cash in hand		4,650	2,181	3,302	2,525
Cash at the end of period		21,954	19,485	23,520	22,743

The notes on pages 93 to 126 form part of these financial statements.

Notes to the financial statements

1. Accounting policies

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

a. Basis of preparation

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

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

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

- The Accounts Direction issued by Scottish Ministers (reproduced as an appendix);
- Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), second edition, effective 1 January 2019 (Charities SORP); and related information sheets;
- The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- The 2024-25 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 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 38.

c. Basis of consolidation

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

The reporting date of the financial statements for both HES and its subsidiary is 31 March 2025 and there is no difference in reporting dates that needs to be disclosed with regards preparation of the consolidated financial statements.

d. Income

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

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

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

Government grant in aid

HES receives grant in aid from the Scottish Government to help fund our core activities.

Grant in aid is treated as income and credited to the statement of financial activity in the period in which it is received.

1. Accounting policies (continued)

Other grant income

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

Admissions, retail, and other earned income

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

Membership income

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

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

Donations

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

e. Expenditure

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

Expenditure is classified in the statement of financial activity according to activity to which it relates: raising funds, charitable activities, grants, or other. Further information on these costs is provided in the Financial Review on page 38.

Expenditure by activity heading includes an allocation of support costs. Support costs are those functions that assist the work of HES but do not

directly undertake charitable activities. The bases on which support costs have been allocated are set out in note 9.

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

f. Grants payable

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

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

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

g. Leases

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

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

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

h. Fund accounting

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

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

i. Tangible fixed assets

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 the operation and being of HES, and are included within these financial statements.

Land, buildings and dwellings

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

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

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

Operational land, buildings and dwellings 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.

Leasehold building improvements

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

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

Motor vehicles, IT hardware and plant and equipment are stated at depreciated historic cost.

1. Accounting policies (continued)

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 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 diverse of items, and lack of comparative market values. No value has been included in the balance sheet for archives and collections except acquisitions since 2004 where reliable cost information is available.

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

I. Investments

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

m. Stock

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

n. Cash at bank and in hand

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

o. Financial instruments

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

Financial assets

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

1. Accounting policies (continued)

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.

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 2025 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 2025 is reported in the tangible fixed assets note (note 16) and the impact of the valuation as at 31 March 2025 is reported in the revaluation reserve note (note 28).

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

Provisions for future liabilities

As noted, HES has not obtained a complete valuation of all land, buildings and dwellings assets as at 31 March 2025. The carrying amounts of land, buildings and dwellings not subject to valuation as at 31 March 2025 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 2020-21 to 2023-24), and on which asset measurements reflected in these statements have also been calculated.

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 Note 24 Provision for liabilities.

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

3. Income from charitable activities – Group and Charity

	2024-25 Unrestricted £000	2024-25 Restricted £000	2024-25 Total £000	2023-24 Unrestricted £000	2023-24 Restricted £000	2023-24 Total £000
Admissions	44,888	-	44,888	41,339	-	41,339
Membership	5,103	-	5,103	4,653	-	4,653
Audio tours	996	-	996	1,060	-	1,060
Imaging sales - charitable	43	-	43	52	-	52
Third party services	103	-	103	121	-	121
Visitor events	89	-	89	92	-	92
Historic Scotland Foundation grants	-	133	133	-	624	624
Partnership funding	(16)	1,592	1,576	149	832	981
Other	188	-	188	62	-	62
Total	51,394	1,725	53,119	47,528	1,456	48,984

4. Income from trading activities – Group

	2024-25 Unrestricted £000	2023-24 Unrestricted £000
Retail and catering	15,274	14,012
Imaging sales - trading	3,211	1,780
Events and venue hire	2,393	2,255
Other	502	799
Total	21,380	18,846

5. Other income

Group

	2024-25		2023-24	
	Unrestricted £000	Unrestricted £000	Unrestricted £000	Unrestricted £000
Other	577	560		
Total	577	560		
Charity				
	2024-25		2023-24	
	Unrestricted £000	Unrestricted £000	Unrestricted £000	Unrestricted £000
Recharges for personnel and services	7,390	6,379		
Intercompany loan interest	91	302		
Other	577	560		
Total	8,058	7,241		

6. Expenditure on raising funds – Group

	2024-25		2023-24	
	Unrestricted £000	Unrestricted £000	Unrestricted £000	Unrestricted £000
Direct salaries	5,472	4,645		
Direct costs	8,282	7,867		
Support costs	2,909	2,421		
Depreciation	345	423		
Total	17,008	15,356		

7. Expenditure on charitable activities – Group and Charity

2024-25

	2024-25		2023-24		External Relations and Partnership £000	Total £000
	Operations £000	Cultural Assets £000	Marketing and Engagement £000	Heritage £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

2023-24

	2023-24		2022-23		External Relations and Partnership £000	Total £000
	Operations £000	Cultural Assets £000	Marketing and Engagement £000	Heritage £000		
Direct salaries	28,468	9,770	5,336	7,293	1,899	52,766
Direct costs	19,897	5,532	5,739	1,102	1,375	33,645
Support costs	10,105	3,223	2,186	1,778	684	17,976
Depreciation	1,636	541	375	284	111	2,947
Impairment	–	688	–	–	–	688
Total	60,106	19,754	13,636	10,457	4,069	108,022
Unrestricted	60,060	19,554	12,877	10,323	4,053	106,867
Restricted	46	200	759	134	16	1,155
Total	60,106	19,754	13,636	10,457	4,069	108,022

8. Expenditure on grants – Group and Charity

	2024-25 £000	2023-24 £000
Grants payable	9,032	4,878
Direct salaries	672	601
Direct costs	101	80
Support costs	176	147
Depreciation	19	24
Total	10,000	5,730
	2024-25 £000	2023-24 £000
Grants invested from current year funding	12,357	13,243
Grants returned to HES	–	(8)
Movement in grant commitments from future funding	(3,325)	(8,357)
Grants payable	9,032	4,878

9. Support costs – Group and Charity

	2024-25 £000	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	

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

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

	2024-25 £000	2023-24 £000
Direct salaries	5,434	4,629
Support costs	2,909	2,421
Depreciation	345	423
Total	8,688	7,473

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

11. Grants – Group and Charity

	2024-25 £000	2023-24 £000
Grants commitment at beginning of period	32,117	36,927
Grants awarded	9,055	5,560
Grants reduced	(77)	(632)
Grants paid in year	(12,415)	(9,738)
Grants commitment at end of period	28,680	32,117

	2024-25 £000	2023-24 £000
Accrual for grants payable falling due within one year	21,689	24,397
Accrual for grants payable falling due outside one year	4,977	5,658
Grants retentions falling due within one year	1,226	1,030
Grants retentions falling due outside one year	788	1,032
Grants commitment at end of period	28,680	32,117

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 2025, indicative authorisations were £11,070,000 (2023-24: £8,327,000).

Grants awarded:

	2024-25 Institutions £000	2024-25 Individuals £000	2024-25 Total £000	2023-24 Institutions £000	2023-24 Individuals £000	2023-24 Total £000
Archaeology Programme	114	44	158	75	-	75
Funding						
City Heritage Trust	862	-	862	94	-	94
Conservation Area	-	-	-	20	-	20
Regeneration Scheme						
Heritage and	980	-	980	407	-	407
Place Programme						
Historic Environment Grants	1,506	8	1,514	870	7	877
Historic Environment	1,568	-	1,568	2,876	-	2,876
Repair Grants						
Historic Environment	7	2	9	97	8	105
Support Fund						
Organisational	53	-	53	810	-	810
Support Fund						
Partnership Fund	3,912	-	3,912	296	-	296
Total	9,002	54	9,056	5,545	15	5,560

Information of our grants policy can be found on page 43.

12. Expenditure disclosures

External auditor's remuneration for audit of the financial statements	2024-25 £000	2023-24 £000
Historic Environment Scotland	115	113
Historic Environment Scotland Enterprises Limited	12	12
Total	127	125

There was no external auditor's remuneration for other services in 2024-25 or 2023-24.

Board members' expenses	2024-25 £000	2023-24 Restated ¹ £000
Accommodation, travel, and subsistence incurred by or on behalf of board members	6	5

Number of board members	2024-25	2023-24 Restated ²
Number of board members who served during the year	15	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)	12	12

¹ Restated from £3,000 to £5,000.

² Restated from 9 to 12.

13. Staff costs – Group and Charity

Staff costs for the year to 31 March 2025 were £80,014,000 (2023-24: £68,690,000). Further analysis of these costs is shown within the Remuneration and Staff Report on page 65.

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (known as alpha) are unfunded multi-employer defined benefit schemes but HES is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2020. Details can be found on the Civil Services Pension website. (<https://www.civilservicepensionscheme.org.uk/about-us/scheme-valuations/>).

For the year to 31 March 2025, employers' contributions of £16,178,000 (2023-24: £13,004,000) were payable to the PCSPS and alpha at 28.97% (2023-24: 26.6% to 30.3%) of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The anticipated employers' contributions for the year to 31 March 2026 are £18,185,000.

The contribution rates are set to meet the cost of the benefits accruing during the year ended 31 March 2025 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account – a stakeholder pension with an employer contribution. Employer contributions of £161,000 (2023-24: £132,000) 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 £5,400 (2023-24: £4,000), 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £26,000 (2023-24: £17,000). No contributions were prepaid at that date (2023-24: £nil).

Key management personnel remuneration is disclosed within the Remuneration and Staff Report on page 65.

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 89.

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:

	2024-25 £000	2023-24 £000
Supply of personnel and support services from HES to HESe	7,390	6,379
Intercompany loan interest from HESe to HES	91	302
Supply of facilities from HESe to HES	5,579	1,874
Total	13,060	8,555

Amount receivable from/due to group undertakings:

	Debtors receivable 2024-25 £000	Creditors outstanding 2024-25 £000	Debtors receivable 2023-24 £000	Creditors outstanding 2023-24 £000
HESe - loan	-	-	2,005	-
HESe - charitable donation	5,579	-	1,874	-
HESe - intercompany account	-	516	-	718
Total	5,579	516	3,879	718

Board members, directors and other senior staff of HES

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

JPS Restoration

HES director Dr David Mitchell's Brother-in-law owns the company JPS Restoration. HES incurred costs of £6,000 in 2024-25 (2023-24: £3,000). Amounts due from HES were £Nil as at 31 March 2025 (2023-24: £Nil).

The Malt Whisky Trail Ltd

HES Director Stephen Duncan is a Board Member of The Malt Whisky Trail Ltd. HES incurred costs of £3,000 in 2024-25 (2023-24: £2,000). Amounts due from HES were £Nil (2023-24: £Nil)

The National Trust for Scotland

HES board member Gemma Butterfield was an employee of The National Trust for Scotland until December 2024. HES received payments of £3,000 in 2024-25 (2023-24: £Nil). HES received payments of previously awarded grants of £55,000 in 2024-25 (2023-24: £Nil). Amounts owed to HES were £Nil as at 31 March 2025 (2023-24: £Nil). HES incurred costs of £28,000 in 2024-25 (2023-24: £Nil). Amounts due from HES were £Nil as at 31 March 2025 (2023-24: £Nil).

Scotland's Towns Partnership

HES director Alison Turnbull is a Director for Scotland's Towns Partnership. HES incurred costs in 2024-25 of £12,000 (2023-24: £6,000). Amounts due from HES were £Nil as at 31 March 2025 (2023-24: £Nil).

The Built Environment Forum Scotland

HES board member Ian Baxter (appointed November 2024) is Chair of The Built Environment Forum Scotland Historic Environment Working Group. For the months from November 2024, HES incurred costs of £Nil. HES made payments of previously awarded grants of £59,000. Amounts due from HES as at 31 March 2025 were £Nil. Prior year comparatives have not been provided as a related party relationship did not exist in 2023-24.

The Society of Antiquaries of Scotland

HES board member Ian Baxter (appointed November 2024) is a Trustee of The Society of Antiquaries of Scotland. For the months from November 2024, HES incurred costs of £11,000. HES made payments of previously awarded grants of £164,000. Amounts due from HES were £7,000. Prior year comparatives have not been provided as a related party relationship did not exist in 2023-24.

14. Related parties – Group and Charity (continued)

University of Edinburgh

HES board member Nkosana Mafico (appointed November 2024) is an employee of Edinburgh University and HES board member Gary Jebb was an employee of Edinburgh University until May 2024. For the months up to May 2024 and from November 2024, HES received payments of £Nil (2023-24: £21,000). Amounts owed to HES were at 31 March 2025 were £Nil (2023-24: £3,000). HES incurred costs of £16,000 (2023-24: £12,000). HES made payments of previously awarded grants of £30,000 (2023-24: £44,000). Amounts due from HES as at 31 March 2025 were £Nil (2023-24: £Nil).

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 2023	54	4,844	1,104	6,002
Additions	-	-	1,319	1,319
Transfers	-	-	-	-
Disposals	-	-	-	-
As at 31 March 2024	54	4,844	2,423	7,321
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
Accumulated amortisation				
As at 1 April 2023	(54)	(4,009)	-	(4,063)
Charge for the year	-	(658)	-	(658)
Disposals	-	-	-	-
As at 31 March 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)
Net book value				
As at 31 March 2023	-	835	1,104	1,939
As at 31 March 2024	-	177	2,423	2,600
As at 31 March 2025	-	3,254	573	3,827

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 2023	3,627	35,960	4,736	3,314	8,499	7,830	2,331	1,092	67,389
Additions	-	-	-	-	223	177	-	939	1,339
Transfers	-	1,146	-	-	-	-	-	(1,146)	-
Disposals	-	-	-	(643)	(15)	(32)	-	-	(690)
Revaluation and Indexation	113	(1,209)	193	-	-	-	-	-	(903)
Impairment	-	-	-	-	-	-	-	(688)	(688)
As at 31 March 2024	3,740	35,897	4,929	2,671	8,707	7,975	2,331	197	66,447
Additions	-	-	-	-	585	104	-	824	1,513
Transfers	-	60	-	-	390	98	-	(548)	-
Disposals	-	(98)	-	(314)	(34)	(67)	-	-	(513)
Revaluation and Indexation	128	472	156	-	-	-	-	-	756
Impairment	-	-	-	-	-	-	-	(7)	(7)
As at 31 March 2025	3,868	36,331	5,085	2,357	9,648	8,110	2,331	466	68,196
Accumulated depreciation and impairment									
As at 1 April 2023	(7)	(3,971)	(387)	(3,002)	(6,950)	(6,604)	(1,018)	-	(21,939)
Charge for the year	-	(1,322)	(193)	(111)	(679)	(395)	(36)	-	(2,736)
Transfers	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	643	15	32	-	-	690
Revaluation and Indexation	-	2,718	67	-	-	-	-	-	2,785
Impairment	-	-	-	-	-	-	-	-	-
As at 31 March 2024	(7)	(2,575)	(513)	(2,470)	(7,614)	(6,967)	(1,054)	-	(21,200)
Charge for the year	-	(1,153)	(201)	(80)	(646)	(379)	(36)	-	(2,495)
Transfers	-	-	-	-	-	-	-	-	-
Disposals	-	22	-	314	34	68	-	-	438
Revaluation and Indexation	-	731	232	-	-	-	-	-	963
Impairment	-	-	-	-	-	-	-	-	-
As at 31 March 2024	(7)	(2,975)	(482)	(2,236)	(8,226)	(7,278)	(1,090)	-	(22,294)

	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
Net book value									
As at 31 March 2023	3,620	31,989	4,349	312	1,549	1,226	1,313	1,092	45,450
As at 31 March 2024	3,733	33,322	4,416	201	1,093	1,008	1,277	197	45,247
As at 31 March 2025	3,861	33,356	4,603	121	1,422	832	1,241	466	45,902
Historic cost									
As at 31 March 2023	1,450	11,570	1,959	312	1,549	1,262	1,313	1,092	20,507
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

Valuation of land, buildings and dwellings

At 31 March 2025, approximately 20% of the land, buildings and dwelling assets were valued by District Valuers of the Valuation Office Agency.

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.

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.

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

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

16. Tangible assets – Group and Charity (continued)

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

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

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

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

Historic cost value of dwelling

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

17. Heritage assets – Group and Charity

Properties in care

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

The [Scheme of Delegation by Scottish Ministers to Historic Environment Scotland – Properties in Care](#) 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 Note 1k accounting policy for heritage assets, HES does not recognise these assets on its balance sheet, with the exception of elements used for income generation or other non-heritage purposes.

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 46,000 objects of cultural significance relating to the history and archaeology of properties in our care (PICs)
- [National Collection of Aerial Photography \(NCAP\)](#) – over 30 million aerial images featuring historic events and places worldwide, including 1.6 million images of Scotland
- HES also holds responsibility for some 100,000 recently excavated archaeological artefacts being processed prior to allocation to museums via the Treasure Trove system.

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

	2024-25	2023-24
Collections	£000	£000
Cost and net book value as at beginning and end of period	361	361

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

18. Investments – Charity

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

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

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

	2024-25 £000	2023-24 £000
Income	21,380	18,846
Expenditure	(15,801)	(14,564)
Profit	5,579	4,282
Charitable donation to HES	5,579	1,874

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

	2024-25 £000	2023-24 £000
Current assets	6,413	4,717
Creditors: amounts falling due within one year	(6,397)	(4,705)
Creditors: amounts falling due after more than one year	(16)	(12)
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.

	2024-25 Group £000	2024-25 Charity £000	2023-24 Group £000	2023-24 Charity £000
Retail stocks net of obsolescence provision	2,886	-	2,636	-
Work stocks – raw materials and consumables	381	381	376	376
Total	3,267	381	3,012	376

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 2025 was £128,000 (2023-24: £120,000).

Retail stocks included as cost of sales for 2024-25 were £6,129,000 (2023-24: £5,808,000).

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

	2024-25 Group £000	2024-25 Charity £000	2023-24 Group £000	2023-24 Charity £000
Trade debtors	1,638	1,169	1,412	895
Amounts owed by group undertakings	-	5,579	-	3,879
Prepayments	1,862	1,790	1,823	1,780
Accrued income	420	420	786	761
Reimbursement of provisions	122	122	230	230
Other debtors	81	81	33	32
Total	4,123	9,161	4,284	7,577

21. Creditors: amounts falling due within one year

	2024-25 Group £000	2024-25 Charity £000	2023-24 Group £000	2023-24 Charity £000
Accrual for grants payable	21,689	21,689	24,397	24,397
Grants retentions	1,226	1,226	1,030	1,030
Trade payables	441	431	656	620
Amounts owing to group undertakings	-	516	-	718
Other payables	3,019	2,870	2,909	2,692
Accruals	8,286	7,852	10,162	9,844
Deferred income	3,251	3,027	3,065	2,811
Total	37,912	37,611	42,219	42,112

22. Creditors: amounts falling due after one year

	2024-25 Group £000	2024-25 Charity £000	2023-24 Group £000	2023-24 Charity £000
Accruals for grants payable	4,977	4,977	5,658	5,658
Grants retentions	788	788	1,032	1,032
Deferred income	659	643	642	629
Total	6,424	6,408	7,332	7,319

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 2024	3,707	3,441
Amounts released during the period	(3,335)	(3,072)
Amounts deferred during the period	3,538	3,301
Total deferred income as at 31 March 2025	3,910	3,670

24. Provisions for liabilities – Group and Charity

	Dilapidations £000	Pay & grading £000	Compensation payments £000	Other £000	Total £000
Balance as at 1 April 2024	3,931	–	256	96	4,283
Arising during the year	29	1,479	23	–	1,531
Utilised during the year	–	–	(58)	–	(58)
Unwinding of discount	157	–	–	–	157
Reversed unutilised	–	–	(93)	–	(93)
Balance as at 31 March 2025	4,117	1,479	128	96	5,820

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 salary and pension costs to 31 March 2025 of our new pay and grading arrangements.

The new arrangements were communicated to our staff in March 2025. Salary increases were backdated to October 2024, but not paid until May 2025. There was uncertainty on timing and amount of salary and pension 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 Debtors.

25. Funds

	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	2,432	–	(33)	–	–	2,399
Engine Shed	504	–	(504)	–	–	–
Historic Scotland Foundation (HSF)						
Trove.scot						
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 (TANC)	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

25. Funds (continued)

	As at 1 April 2023 £000	Income £000	Expenditure £000	Transfer between reserves £000	Gains and losses £000	As at 31 March 2024 £000
Restricted funds – Group and Charity						
Heritage Lottery Fund Engine Shed	2,496	-	(64)	-	-	2,432
Historic Scotland Foundation (HSF) Trove.scot	-	500	4	-	-	504
AHRC Towards a National Collection (TANC)	(7)	709	(697)	-	-	5
Funds less than £100,000	311	247	(398)	(20)	-	140
Total restricted funds – Group and Charity	2,800	1,456	(1,155)	(20)	-	3,081
Unrestricted funds – Group						
General reserve	(12,489)	135,528	(127,953)	1,119	-	(3,795)
Designated fund	1,963	-	-	-	-	1,963
Revaluation reserve	23,158	-	-	(1,099)	1,882	23,941
Total unrestricted funds – Group	12,632	135,528	(127,953)	20	1,882	22,109
Unrestricted funds – Charity						
General reserve	(10,081)	125,237	(120,070)	1,119	-	(3,795)
Designated fund	1,963	-	-	-	-	1,963
Revaluation reserve	23,158	-	-	(1,099)	1,882	23,941
Total unrestricted funds – Charity	15,040	125,237	(120,070)	20	1,882	22,109
All funds – Group	15,432	136,984	(129,108)	-	1,882	25,190
All funds – Charity	17,840	126,693	(121,225)	-	1,882	25,190

Restricted funds**Fund****Heritage Lottery Fund Engine Shed**

For the construction of the Engine Shed, a dedicated building conservation centre.

Historic Scotland Foundation – (HSF) Trove.scot

To create a Digital Experience Platform that will allow HES to bring many of our services together, enabling access, integrating learning materials with site and archive materials.

HSF Geophysics

Geology Research.

UK Gov Department of Science, Innovation & Technology (DSIT)

For the upgrade of Leica Photogrammetric Scanners.

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) Fellowships

For the provision of early career fellowships in cultural and heritage institutions.

AHRC – Towards a National Collection (TANC)

To cover the costs of running the programme 'Towards a National Collection', creating a unified virtual 'national collection'.

Designated funds**Fund****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

2024-25

Net Assets	Fixed assets £000	Cash £000	Other net current liabilities £000	Creditors falling due outside one year		Total £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

Net assets	Fixed assets £000	Cash £000	Other net current liabilities £000	Creditors falling due outside one year		Total £000
				£000	£000	
Charity						
Restricted funds	2,399	414	-	-	-	2,813
General reserves	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

2023-24

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

Charity

Net assets	Fixed assets £000	Cash £000	Other net current liabilities £000	Creditors falling due outside one year		Total £000
				£000	£000	
Charity						
Restricted funds	2,431	650	-	-	-	3,081
General reserve	21,836	20,130	(34,159)	(7,319)	(4,283)	(3,795)
Designated fund	-	1,963	-	-	-	1,963
Revaluation reserve	23,941	-	-	-	-	23,941
Total funds	48,208	22,743	(34,159)	(7,319)	(4,283)	25,190

27. Leasing – Group and Charity

Total payments for operating leases for 2024-25 were £2,644,000 (2023-24: £2,514,000).

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

	2024-25 Land and buildings £000	2025-25 Vehicles and equipment £000	2025-25 Total £000	2023-24 Land and buildings £000	2023-24 Vehicles and equipment £000	2023-24 Total £000
Not later than one year	2,266	342	2,608	2,185	195	2,380
Later than one year and not later than five years	7,587	435	8,022	7,068	302	7,370
Later than five years	10,032	-	10,032	11,231	-	11,231
Total	19,885	777	20,662	20,484	497	20,981

28. Revaluation reserve – Group and Charity

	2024-25 £000	2023-24 £000
As at beginning of period	23,941	23,158
Revaluation and indexation of cost/valuation	756	(903)
Revaluation and indexation of accumulated depreciation	963	2,785
Gain on revaluation of fixed assets	1,719	1,882
Transfer of realised element of revaluation reserve to unrestricted reserve	(954)	(1,099)
As at end of period	24,706	23,941

29. Capital commitments – Group and Charity

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

	2024-25 £000	2023-24 £000
Capital commitments due in:		
Less than one year	1,575	377
More than one year and less than five years	-	-
More than five years	-	-
Total	1,575	377

Accounts direction Stiùireadh cunntais

30. Financial instruments

As at 31 March 2025 the carrying value of financial instruments totalled:

	2024-25 Group £000	2024-25 Charity £000	2023-24 Group £000	2023-24 Charity £000
Assets measured at amortised costs	24,094	26,734	25,751	28,310
Liabilities measured at amortised costs	40,427	40,350	45,843	45,990

31. Contingent liabilities – group and charity

There are no contingent liabilities that required to be disclosed as at 31 March 2025 or as at 31 March 2024.

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.



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



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

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