



HISTORIC SCOTLAND
ALBA AOSMHOR

ANNUAL REPORT 2014-15
AITHISG BHLIADHNAIL 2014-15



Front cover: Girls at Dundonald Castle learning about the Stewart family and the Wars of Independence.

This page: Skara Brae, one of Europe's best-preserved prehistoric settlements.

Presented to the Scottish Parliament in pursuance of Section 19 of the Public Finance and Accountability (Scotland) Act 2000. Laid before the Scottish Parliament by Scottish Ministers, 30 September 2015. SG/2015/148



WELCOME FÀILTE

Welcome to Historic Scotland's annual report and annual review 2014-15
Fàilte gu aithisg bhliadhnail is leirmheas bliadhnail Alba Aosmhor 2014-15



The south side of
Edinburgh Castle.

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INTRODUCTION RO-RÀDH

by Ian Walford, Chief Executive

This will be Historic Scotland's last full annual report. On 1 October 2015 Historic Environment Scotland takes on its full powers, formed from our transition with the Royal Commission on the Ancient and Historical Monuments of Scotland (RCAHMS).

The formation of this new organisation is the culmination of a huge amount of work. We've had a long period of transition, which has involved enormous effort and organisation. Against that background, I'm particularly proud to be able to report on another outstanding year.

A year of achievements

Looking back over 2014/15, it seems that so much has happened. The Bannockburn Visitor Centre, opened in March 2014 and launched formally in June 2014, won multiple awards for its innovative re-telling of the Bannockburn story.

We secured planning permission and final funding for The Engine Shed in Stirling, the new national building conservation centre.

We worked with stakeholders to nominate the Forth Bridge as Scotland's sixth World Heritage Site.

In November 2014 Edinburgh Castle was named Best UK Heritage Attraction by the British Travel Awards for a record fourth consecutive year. The Castle also maintained its position as Scotland's top paid-for tourist attraction, with almost 1.5 million visitors this year alone.

Later this year, following the completion of the final Scottish Ten project at the Nagasaki Giant Cantilever Crane, we will share the assets we've developed, furthering education and research about the preservation of our historic built environment.

These are stories that make headlines. We are rightly proud of them. But we're equally proud of the stories that happen every day, those that don't make the headlines but which are nonetheless vital to our success.



Ian Walford
Chief Executive.



Kisimul Castle
at the end of a
rainbow over
Castlebay,
Barra.



3D point cloud of the Giant Cantilever Crane in Nagasaki, Japan which has been documented by the Scottish Ten project.
© Centre for Digital Documentation and Visualisation LLP

Our accomplishments

Visitor numbers, funding and international recognition are essential to the work we do. We are one of the largest operators of paid-for-visitor attractions in Scotland and a major contributor to the country's economy. So it's important to highlight that 2014/15 saw 3.65 million people visit Historic Scotland sites, and earned income increased by 5%.

As the second largest grant provider in Scotland, our investment in grants of approximately £14 million a year to national and local organisations continues to ensure that the historic environment is cared for, protected, valued, and enjoyed.

None of this would be possible, however, without our 1200+ people, who realise lots of less visible but no less important achievements every day. It's thanks to them that we have such excellent key performance target results.

We surpassed targets for membership numbers, budget, performance ratings and the speed with which we handle our heritage management casework. Working with local authorities and partners across the historic environment sector, we reduced the percentage of A-listed buildings at risk. And the percentage of staffed sites with four or more VisitScotland stars went up to 94%.

These are all exceptional accomplishments, especially considered alongside the achievement involved in taking forward the transition towards a brand new body. Together with our counterparts in RCAHMS, colleagues across the organisation, and particularly in IS, HR, Communications, Facilities and Finance, have been learning to think and act as one team, preparing the infrastructure for Historic Environment Scotland.

Team building

Every year, I'm struck by the breadth of our achievements, and the wealth of expertise and commitment shown by our people. They're passionate about what we do, and that translates into a willingness always to go the extra mile.

I should also mention the outstanding contribution made by the volunteers and communities who work with us. Their input helps us, year after year, to increase the contribution we make to Scotland's national heritage.

This year we're able to recognise their efforts publicly, with the introduction of the Scottish Heritage Angel Awards. Funded by the Andrew Lloyd Webber Foundation, and delivered in partnership with four Scottish heritage bodies, they recognise the vital role our volunteer communities play.



View of how the completed Engine Shed will look, the landmark national building conservation centre in Stirling.

Excavation at the Links of Noltdland on the Island of Westray, Orkney.

Smailholm Tower in the Scottish Borders.

A sustainable future

It's part of our remit to contribute to wider Scottish Government priorities, and in particular to find sustainable ways of working. So I'm especially pleased with our results over the last year.

We've reduced energy consumption, emissions and expenditure by 18%, 14% and 15% respectively. Air travel emissions are down 19%, and travel expenditure 13%. We've achieved a 75% reduction in emissions from hire car use.

That's thanks to some creative thinking from our climate change and waste reduction teams. They've created the Historic Scotland Green Champions network, for example, which encourages everyone in the organisation to deliver positive change.

Combining this kind of imaginative policy-making with investment in new, environmentally-friendly equipment and policies is taking us a long way down the road to a sustainable future.

Looking ahead

On 1st October we officially move to Historic Environment Scotland, which will lead and enable delivery of Our Place in Time, Scotland's first ever strategy for the historic environment. The change brings with it both challenges and opportunities. The challenge of continuing the excellent work of both organisations, while operating as a single team. The opportunity to develop new, creative, effective ways of thinking and working as we settle into our role as the lead public body in the historic environment sector.

I am sure that everyone in Historic Scotland is capable of meeting those challenges and seizing the opportunities, and to working together to find new ways of preserving, maintaining and using creatively our rich historic environment.

DIRECTORS AND SENIOR MANAGEMENT TEAM STIÙIRICHEAN AGUS SGIOBA ÀRD-MHANAIÐSEARAN



Ian Walford
Chief Executive



Stephen Duncan
Director,
Commercial & Tourism



Dr David Mitchell
Director,
Conservation



Barbara Cummins
Director,
Heritage Management



Gary Love
Director,
Human Resources



Myriam Madden
Director, Finance
(To 10/10/2014)



Lisa Nicholson
Director,
Communications



Jennie Smith
Head of Finance



Paul Smart
Head of
Programme Delivery

KEY PERFORMANCE TARGETS PRÌOMH THARGAIDEAN COILEANAIDH



Kitchener Memorial at
Marwick Head, Orkney.

Historic Scotland manages and measures its performance against an agreed set of Key Performance Targets (KPTs).

These KPTs are developed through internal consultation and are approved by the Cabinet Secretary for Culture, Europe and External Affairs. They are published on our website as part of our annual Business Plan.

In order to track our performance and to strive for improvements in the way we operate, we have set some ambitious targets (KPTs). We have deliberately ensured that the KPTs are challenging.

We monitor the KPTs on a quarterly basis to gauge progress and make adjustments to working practices in

order for these to be met. Any required adjustments are done through regular communication with staff who are instrumental in enabling the Agency to meet these targets.

These KPTs for 2014-15 reflect the five strategic priorities within our 2012-15 Corporate Plan. These are:

- Championing Scotland's Historic Environment
- Contributing to Sustainable Economic Growth
- Managing Scotland's Historic Environment Creatively
- Supporting the Transition to a Low Carbon Economy
- Delivering our Business.

KEY PERFORMANCE TARGET RESULTS 2014-15

STRATEGIC PRIORITY ONE

Championing Scotland's Historic Environment

MEASURE	2013-14 RESULT	2014-15 TARGET	2014-15 RESULT
KPT 1 Reduce the percentage of A-listed buildings at risk in partnership with Local Authorities and the historic environment sector	8.2%	7.7%	7.6%
KPT 2 Conserve the monuments and historic buildings managed by Historic Scotland on behalf of Scottish Ministers	Undertaken in accordance with needs established through inspection	Recommendations delivered for nationally reporting Estate condition	PIC condition measure developed¹
KPT 3 Continue to build membership numbers with the high point at least 146,000	140,219	146,000	148,194
KPT 4 Maintain 92% of Historic Scotland staffed sites with a VisitScotland rating of 4 stars or above	92%	92%	94%

¹ Properties In Care condition index

STRATEGIC PRIORITY TWO

Contributing to Sustainable Economic Growth

MEASURE	2013-14 RESULT	2014-15 TARGET	2014-15 RESULT
KPT 5 Attract over 3.47 million visitors to our sites	3.45m	3.47m	3.65m
KPT 6 Employ additional apprentices over the period 2014-15	10	N/A	N/A²

² Reverted to previous levels of recruitment to achieve sustainable programme while remaining committed to traditional skills development and employment opportunities for young people.

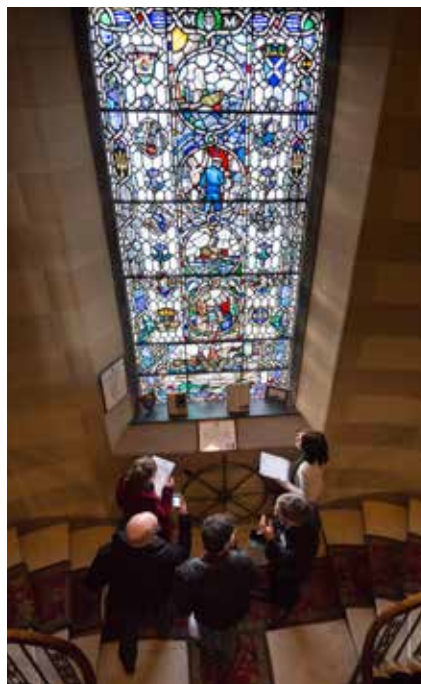
KEY PERFORMANCE TARGET RESULTS 2014-15

STRATEGIC PRIORITY THREE Managing Scotland's Historic Environment Creatively

MEASURE	2013-14 RESULT	2014-15 TARGET	2014-15 RESULT
KPT 7			
Speed up/improve our handling of statutory planning consultations, listed building and conservation area consent applications and scheduled monument consent to 91%, 97.5% and 82% processed	97.96%	91%	99.06%
	98.28%	97.5%	99.06%
	97.01%	82%	96.39%
KPT 8	£16.86m	£12m	£12.94m
Maintain the 2011-12 grants budget and continue to invest at least £11.25 million in grant schemes			

STRATEGIC PRIORITY FOUR Supporting the Transition to a Low Carbon Economy

MEASURE	2013-14 RESULT	2014-15 TARGET	2014-15 RESULT
KPT 9			
Reduce energy consumption at our sites	16%	9.5%	18%



Mons Meg, the world's most famous medieval gun, being removed from Edinburgh Castle for conservation work.

Staff viewing the new Collections website and the stained glass window at Trinity House in Leith.

KEY PERFORMANCE TARGET RESULTS 2014-15

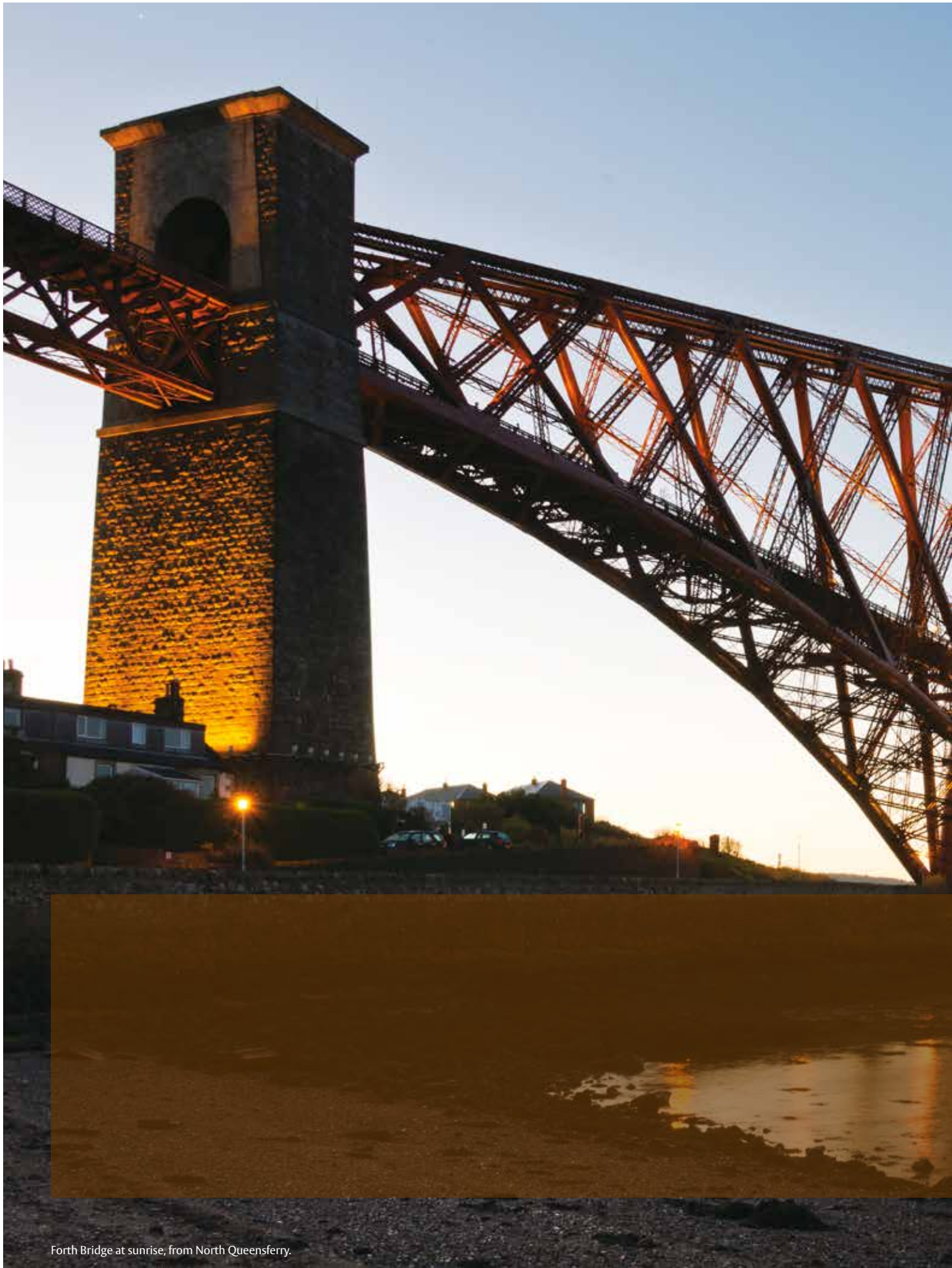
STRATEGIC PRIORITY FIVE

Delivering our Business

MEASURE	2013-14 RESULT	2014-15 TARGET	2014-15 RESULT
KPT 10 Generate income over £36.7 million from our sites and other commercial activities	£36.3m	£36.7m	£38.1m
KPT 11 Deliver 3% efficiencies, equating to £1.4 million against expenditure levels on Scottish Government funding	£2.4m	£1.4m	£2.93m
KPT 12 Achieve a performance rating across our sites from the Mystery Visit Programme of 80%	88.9%	80%	89.7%
KPT 13 Levels of staff engagement from 64%	64%	64%	61%
KPT 14 Improve organisational resilience through a reduction in average working days lost to 4.84	5.14	4.84	6.54



Visitors to Stirling Castle learn about the Battle of Bannockburn in its 700th anniversary year.



Forth Bridge at sunrise, from North Queensferry.

A large steel truss bridge, likely the Forth Road Bridge, is shown at sunset. The bridge's intricate steel structure is silhouetted against a sky transitioning from blue to orange. The bridge spans across a body of water, with its reflection visible. The foreground shows a rocky shoreline.

HISTORIC SCOTLAND'S STRATEGIC PRIORITIES PRÌOMHACHASAN RO-INNLEACHDAIL

WE HAVE SET FIVE AMBITIOUS STRATEGIC PRIORITIES FOR THE 2012-15 PERIOD, WHICH ARE THE MAIN DRIVER FOR ALL OUR OPERATIONS.

- › CHAMPIONING SCOTLAND'S HISTORIC ENVIRONMENT
- › CONTRIBUTING TO SUSTAINABLE ECONOMIC GROWTH
- › MANAGING SCOTLAND'S HISTORIC ENVIRONMENT CREATIVELY
- › SUPPORTING THE TRANSITION TO A LOW CARBON ECONOMY
- › DELIVERING OUR BUSINESS

ARCHAEOLOGY PROGRAMME

Archaeological excavations, surveys and other projects supported in 2014-15

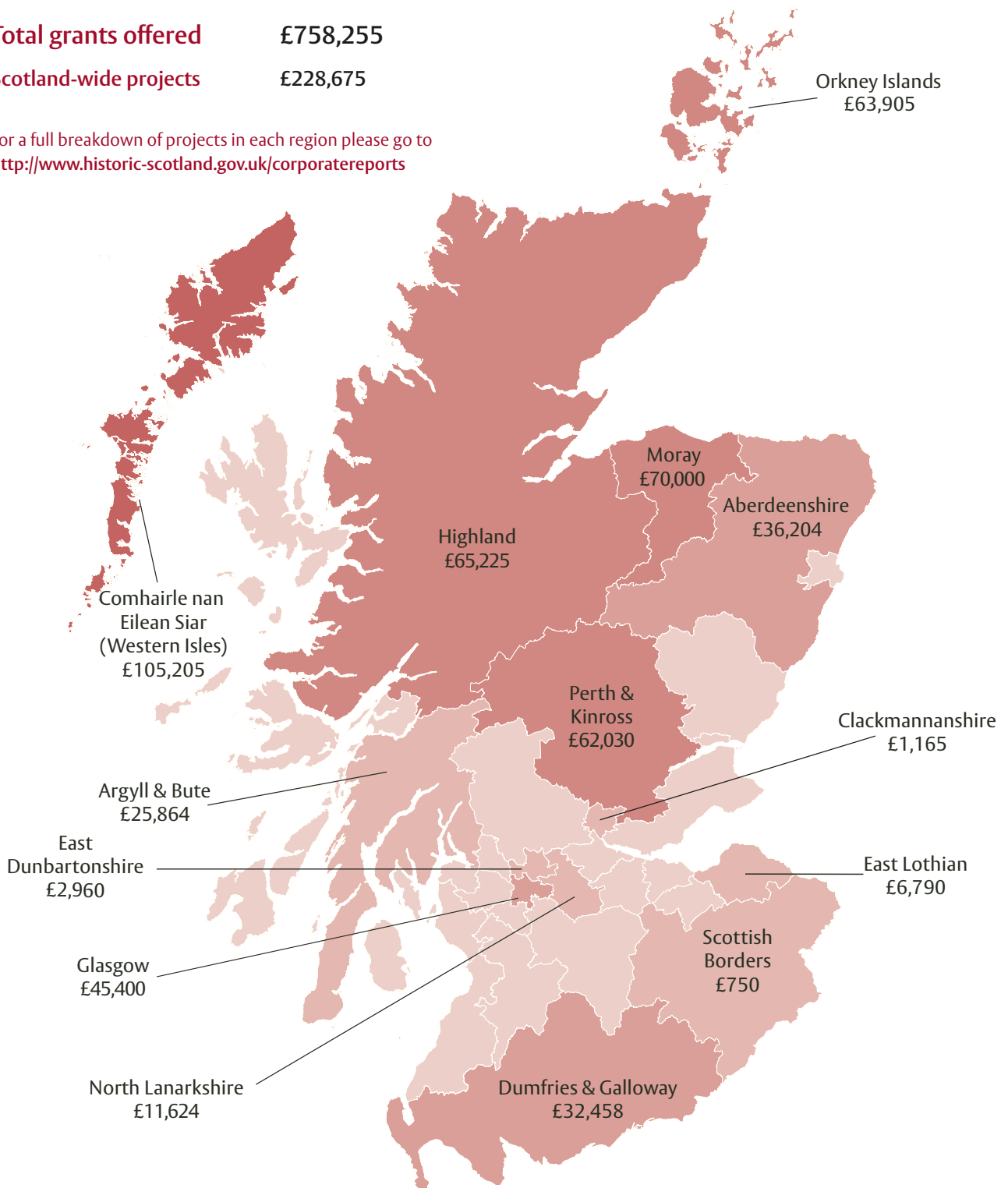
PRÒGRAM ÀRC-EÒLAIS

Cladhach àrc-eòlais, suirbhidhean, agus pròiseactan eile ris an deach taic a thoirt an 2014-15

Total grants offered £758,255

Scotland-wide projects £228,675

For a full breakdown of projects in each region please go to <http://www.historic-scotland.gov.uk/corporatereports>



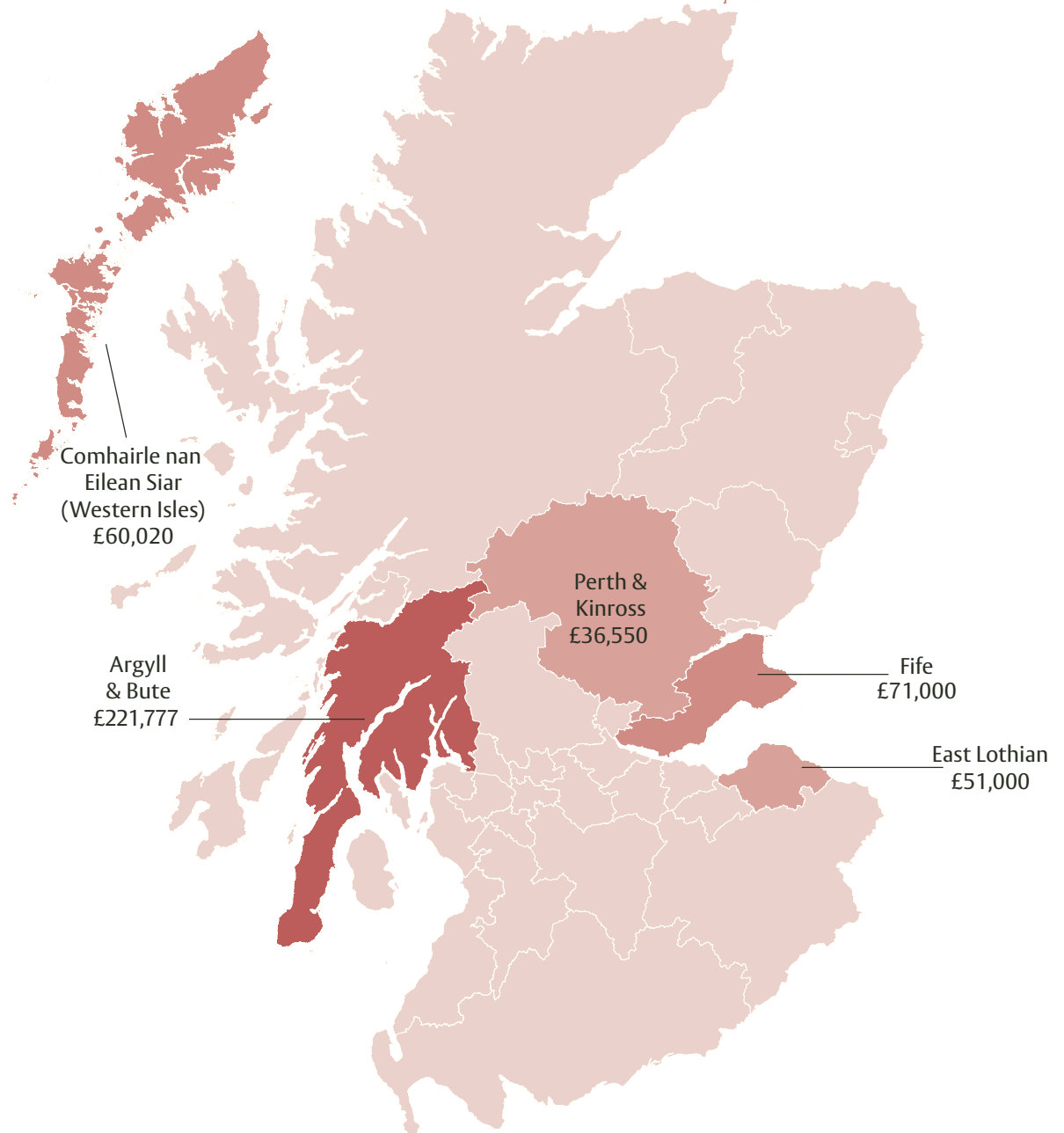
ANCIENT MONUMENT GRANTS IN 2014-15

GRANTAICHEAN AIRSON CARRAIGHEAN ÀRSAIDH AN 2014-15

Total grants offered £484,347

Scotland-wide projects £44,000

For a full breakdown of projects in each region please go to
<http://www.historic-scotland.gov.uk/corporatereports>

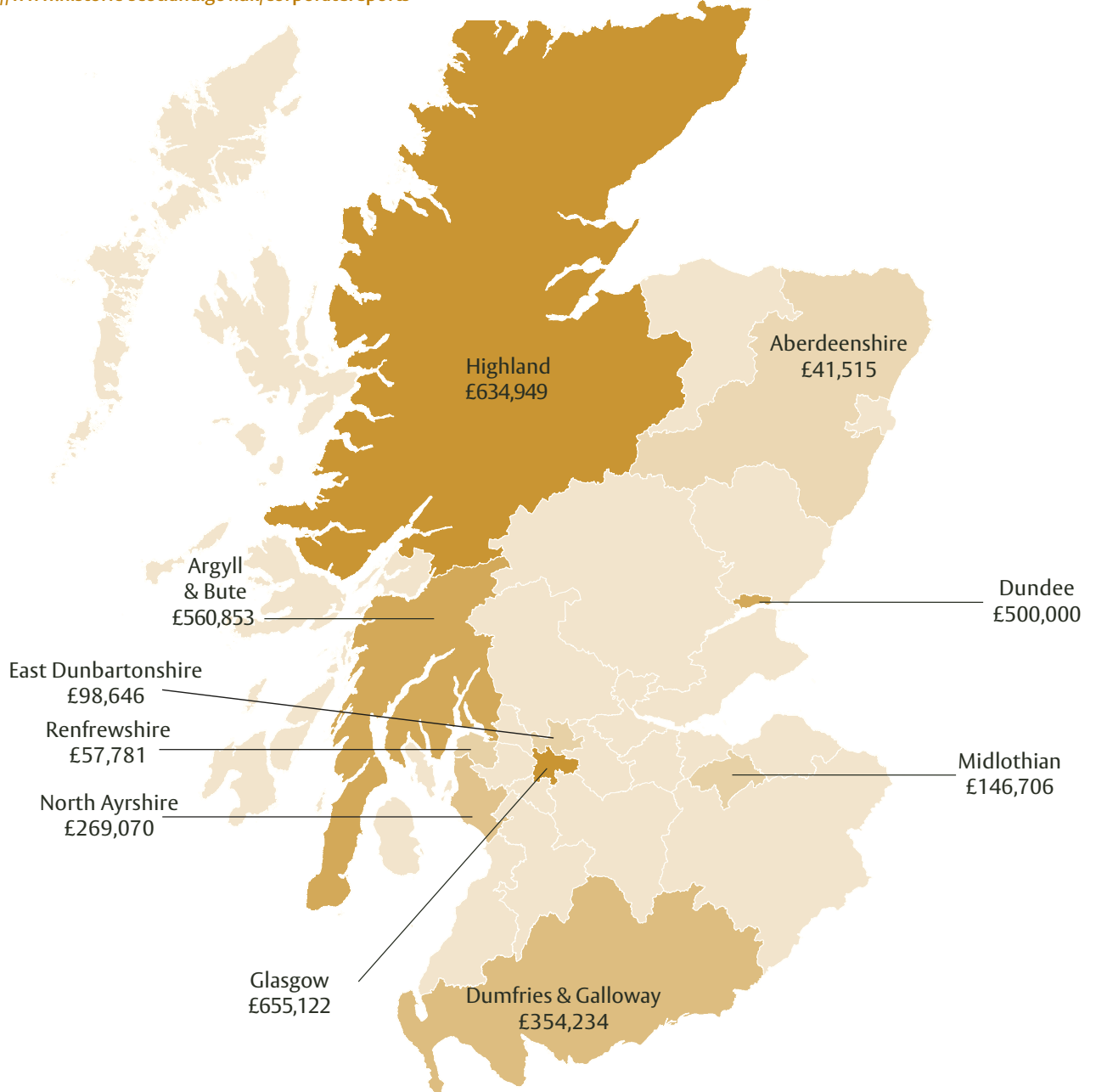


HISTORIC BUILDING REPAIR GRANTS IN 2014-15 GRANTAICHEAN CÀRAIDH AIRSON TOGLAICHEAN EACHDRAIDHEIL AN 2014-15

Total grants offered £3,359,320

Scotland-wide projects £40,444

For a full breakdown of projects in each region please go to
<http://www.historic-scotland.gov.uk/corporatereports>



APPENDIX 1
EARR-RÀDH 1
ANNUAL ACCOUNTS
CUNNTASAN BLIADHNAIL
2014-15

Detail of the coat of arms which has been embroidered as part of the Stirling Palace Project, Glasgow Caledonian University.

ANNUAL REPORT

Strategic Report

ACCOUNTS DIRECTION

The Accounts have been prepared in accordance with a Direction given by the Scottish Ministers in pursuance of the Public Finance and Accountability (Scotland) Act 2000.

HISTORY AND STATUTORY BACKGROUND

Historic Scotland is an Agency of the Scottish Government. An independent review of its functions and structure in 2003-04 confirmed Historic Scotland's status as an executive Agency. The Agency is headed by the Chief Executive who is directly accountable to the Scottish Ministers.

The main acts under which the Agency operates are The Historic Buildings and Ancient Monuments Act 1953, The Ancient Monuments and Archaeological Act 1979, The Planning (Listed Buildings and Conservation Areas) (Scotland) Act 1997, The Planning (Etc.) Scotland Act 2006, The Environmental Assessment (Scotland) Act 2005 and The Historic Environment (Amendment) (Scotland) Act 2011.

REVIEW OF THE BUSINESS

Historic Scotland is an Agency of the Scottish Government with wide-ranging responsibilities for the historic environment.

Our role is to undertake, on behalf of Scottish Ministers, statutory functions to protect and promote the historic environment. We also act as a leader and enabler to ensure that the historic environment delivers economic, social, cultural and environment benefits for Scotland. We do this through historic environment legislation, our people, our partners and our combined financial resources.

Historic Scotland manages 345 of Scotland's most important properties on behalf of Scottish Ministers: from Edinburgh Castle to Skara Brae in Orkney; from the standing stones at Calanais in the Western Isles to Stanley Mills in Perthshire.

The Agency is currently in a transitional phase as we move towards a shared future with the Royal Commission on the Ancient and Historical Monuments of Scotland (RCAHMS).

An outline business case for the merger of the two bodies was published in May 2013 as part of a joint consultation on the historic environment strategy for Scotland and the proposed merger. The business case proposed the establishment of a new Non Departmental Public Body (NDPB). The consultation lasted from 8 May 2013 until 31 July 2013 and the results of it can be found at <http://www.scotland.gov.uk/Publications/2013/11/2642>

In July 2013 responsibility for historic environment policy was transferred from Historic Scotland to the Scottish Government. The policy staff were transferred to a new Historic Environment Policy Unit (HEPU) reporting to the Director of Culture and Heritage.

March 2014 saw the introduction of the Historic Environment Scotland Bill to the Scottish Parliament. The Bill provides for the creation of Historic Environment Scotland, a new NDPB which will play a key role in delivering the first ever Historic Environment Strategy for Scotland – <http://www.gov.scot/Publications/2014/03/8522>. Combining the functions of Historic Scotland and RCAHMS, the new body will lead on building effective partnerships with organisations across the sector to ensure quality outcomes which benefit our historic environment and the people of Scotland.

In December 2014 Her Majesty gave Royal Assent to The Historic Environment Scotland Bill, which means it is now an Act of the Scottish Parliament.

Further progress was made in January 2015 with the Cabinet Secretary for Culture, Europe and External Affairs, Fiona Hyslop announcing the first Chair and board members of Historic Environment Scotland (HES).

Jane Ryder OBE, former Chief Executive of the Office of the Scottish Charities Regulator and Chair of Arts & Business Scotland, will become the first chair of the HES board. She has been appointed for four years and will be joined by nine board members.

- Dr Janet Brennan is Chair of the Scottish Castles Association, conservationist and author.
- Alan Clarke has over 40 years' experience in tourism, leisure and marketing and retired in September 2014 as CEO of the Northern Ireland Tourist Board.
- Trudi Craggs is qualified as a solicitor in Scotland and is a partner in CMS Cameron McKenna LLP.
- Professor David Gaimster is Director of The Hunterian at the University of Glasgow.
- Andrew Holmes qualified as a civil engineer and has worked in a variety of public sector posts dealing with planning, technical and property issues, retiring as Director of City Development for Edinburgh City Council in 2008.
- Dr Coinneach Maclean trained as an archaeologist and was Deputy Chief Executive of the National Trust for Scotland.
- Dr Fiona McLean is Vice Chair of the Board of Governors for the University of the Highlands and Islands.
- Dr Paul Stollard is an architect who has specialised in the fire safety of buildings for over 30 years. He has taught architectural design and history in a number of universities.
- Dr Ken Thomson took up his role as Principal of Forth Valley College in August 2013 following six years as Depute Principal.

The new board will start its work on 1st April 2015 and will be given all its powers on 1st October 2015.

SOME OF OUR KEY ACHIEVEMENTS IN 2014-15

2014-15 was a very good year for the Agency overall. Carrying on from the previous year's good performance Historic Scotland saw a further increase in visitor numbers to Scotland. We secured a further 5% increase in earned income within the year, achieving a total of £38.1 million. This is an increase on the previous year's income from £36.3 million. Earned income now contributes over 50% of the Agency's funding. All of the income we generate is re-invested directly into Scotland's historic environment.

We continued to build on last year's increase of membership numbers and in 2014-15 we saw the membership expand to 150,741 members.

We are committed to delivering a high quality experience for our visitors and this was recognised in 2014-15 with Edinburgh Castle being voted the Best UK heritage attraction at the British Travel Awards for a record fourth year in a row. Edinburgh Castle also retained its position as Scotland's number one paid-for tourist attraction with over 1.48 million visitors in 2015 as confirmed by the Association of Leading Visitor Attractions.

Historic Scotland also has a key role to play in being a world leader in conservation and traditional skills.

During 2015 Historic Scotland was recognised for a project that sheds valuable new light on domestic and ritual life in prehistoric Orkney. The internationally significant dig at the Links of Noltland, on the coast of Westray in Orkney, was named Rescue Dig of the Year at the Current Archaeology Awards in London. The site also featured in an in-depth *National Geographic* article about the Heart of Neolithic Orkney along with some of our other sites in the area.

We continue to make progress on a new National Building Conservation Centre to be known as the Engine Shed in Stirling as final funding was secured from HLF and full planning permission was received from Stirling Council. Work will now start on site in April 2015 with it due to be complete in Summer 2016.

Through the development of this exciting and innovative project, extensive research has been undertaken, with numerous staff engagement sessions, five nationwide face-to-face external engagement sessions, 420 online survey responses and 220 local people feeding into plans for the building. This input has influenced many factors including changing the name from the 'National Conservation Centre' to the more dynamic 'Engine Shed: Scotland's building conservation centre'. The Engine Shed will become the test ground and a hub for creating and delivering educational resources and training on traditional buildings and materials which will be rolled out across the country through other Historic Scotland venues and with partners.

The Scottish Ten project completed scanning its final project in 2014-15. The final project features a cluster of historic industrial sites in and around the city of Nagasaki, Japan, all of which are included in Japan's latest World Heritage nomination: 'Sites of Japan's Meiji Industrial Revolution'. The central focus of this work is an iconic 150-ton giant cantilever crane designed by the Glasgow firm Appleby and manufactured and erected by Motherwell Bridge in 1909. More details can be found at: <http://www.scottishten.org/>.

RISKS AND UNCERTAINTIES

Historic Scotland continues to monitor and identify key risks that it faces.

Significant risks include:

- Reduced income due to falling visitor numbers.
- Demand pressure on the grants budget.

Details of the Risk management arrangements can be found within the Governance Report (Page 21).

OUR PERFORMANCE AGAINST KEY PERFORMANCE TARGETS

In line with Historic Scotland's Framework Document 2013, the main basis for judging the performance of the Agency towards the delivery of the strategic priorities set out in the Corporate Plan is through the achievement of annual Key Performance Targets set and agreed by Scottish Ministers.

For the final year of the 2012-15 Corporate Plan, we agreed with Scottish Ministers an ambitious set of fourteen Key Performance Targets to be delivered within a period of difficult economic conditions and a reduced grant from Scottish Government. To achieve these targets, the Agency focussed on its core purpose, strategic priorities and key commitments set out in the Corporate Plan and adapted its ways of working to deliver more for Scotland's historic environment using less government funding.

Performance against all the targets was encouraging in 2014-15. We have successfully met or exceeded all but two of our key targets.

The following targets were not met:

- *Improve organisational resilience through a reduction in average working days lost (excluding leavers) to 4.84.* – Average working days lost in 2014-15 was 6.54.
- *Increase levels of staff engagement from 64%.* – Staff engagement index measured through the Civil Service People Survey has dropped to 61%.

POSITION AT END OF YEAR

The Historic Scotland budget is approved by the Scottish Parliament and covers both revenue and capital expenditure. Scottish Government budget for the year was £35.373 million (£32.792 million cash funding and £2.581 million in Capital Charges) and the Agency achieved a final outturn of £35.056 million (Note 29).

	2014-15	2013-14
	£000	£000
Total income generated (note 2/3)	39,815	38,194
Budget granted from Scottish Government	35,373	45,304
	<hr/> 75,188	<hr/> 83,498
Total budget expenditure (note 29)	74,871	80,386
Budget underspend	<hr/> 317	<hr/> 3,112

Included in the net budget position of the £0.317m underspend is the non-utilisation of a Capital Charge allocation of £0.386m. This is a non-cash allocation. There was a minor resource operational overspend of £0.069m.

INDICATION OF LIKELY FUTURE DEVELOPMENTS

The Scottish Government set out its spending plan until 2015. Historic Scotland's budget will see an increase in direct government funding from £38 million in 2014-15 to £40.8 million in 2015-16.

2015-16 will see the Agency complete its merger process. Historic Scotland and RCAHMS will combine and become Historic Environment Scotland on 1st October 2015.

The Scottish Government's Historic Environment Bill, introduced on 3 March 2014, became an Act of Parliament after receiving Royal Assent in January 2015 establishing a new Non-Departmental Public Body, Historic Environment Scotland.

- Chair and Board appointed January 2015;
- Historic Environment Scotland corporate body established and board given powers April 2015;
- Six months later the new body takes on its full set of functions, including transfer of staff and assets (October 2015).

EMPLOYMENT BREAKDOWN

It is our people in Historic Scotland who are the key to unlocking the potential of Scotland's unique historic environment. We have a talented, resourceful, innovative and skilled workforce of approximately 1,164 staff distributed across Scotland. We deliver a broad remit covering tourism, conservation and development, while also improving the understanding of the historic environment. We are a multi-disciplinary organisation, with specialists in many areas including, archaeology, history, architecture, conservation & maintenance, engineering, surveying, tourism, planning, project management, finance and human resources. Our people are key to our continued success in delivering our objectives for Government and in championing Scotland's historic environment. As at 31 March 2015 the breakdown of Gender in Historic Scotland was as follows:

	Male	Female
Directors	5	3
Senior Managers	–	–
Employees	685	471
	690	474

STRATEGIC PRIORITIES

Our strategic priorities are firmly aligned to the Government's Purpose, Strategic Priorities and National performance framework. We contribute directly to all of Scottish Government's National Outcomes. The five strategic properties are:

- Championing Scotland's Historic Environment;
- Contributing to Sustainable Economic Growth;
- Managing Scotland's Historic Environment Creatively;
- Supporting the Transition to a Low Carbon Economy;
- Delivering our Business.

Details of our strategic priorities and key commitments over the spending review period are set out in our [Corporate Plan 2012-15](#).

ENVIRONMENTAL MATTERS AND SOCIAL AND COMMUNITY ISSUES

Historic Scotland's core work of protecting and enhancing the historic environment makes a significant contribution to sustainable development and regeneration.

The Agency participates in the Green Tourism Business Scheme, under which it holds 37 gold and 31 silver awards.

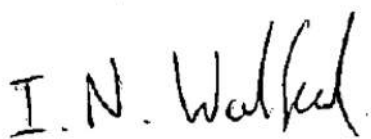
SUSTAINABILITY

In March 2012, Historic Scotland published a Climate Change Action Plan, which sets out the Agency's approach over the next five years to the challenges and opportunities presented by climate change to the historic environment. Complementing the Carbon Management Plan, the Climate Change Action Plan identifies seven key themes to be addressed through forty-two specific actions, and articulates the Agency's wider intentions to increase resilience and help prepare the broader historic environment for a future changing climate.

In line with public sector sustainability reporting guidance, issued by the Scottish Government in January 2012, Historic Scotland has produced a Sustainability Report to accompany its Annual Report of 2014-15. The purpose of this report is to influence improved performance management in relation to sustainability, through transparency and accountability. In accordance with the guidance, the following areas are included within Historic Scotland's Sustainability report:

- Scope 1, 2, and 3 greenhouse gas emissions from building energy use and business travel;
- Waste minimisation and management for various types of waste;
- Water consumption across Historic Scotland's estate;
- Action on biodiversity; and
- Sustainable procurement.

These topics, with the exception of biodiversity and sustainable procurement, provide high level financial and non-financial indicators which are accompanied with commentary on targets, direct and indirect business impacts.



IAN WALFORD

Chief Executive

31 July 2015

Directors Report

PRINCIPAL ACTIVITIES

The Agency's principal activities are to protect, present and promote Scotland's historic environment, which includes ancient monuments and archaeological sites; historic buildings, parks and gardens; and designed landscapes.

Historic Scotland contributes towards many of the national outcomes of the Scottish Government but in particular to the national outcome 'We value and enjoy our built and natural environment and protect it and enhance it for future generations.'

As of July 2010, Historic Scotland became the official sponsoring body for The Royal Commission on the Ancient and Historical Monuments of Scotland (RCAHMS). RCAHMS is responsible for recording, interpreting and collecting information about the built environment. In July 2013 the Sponsorship moved to the new Historic Environment Policy Unit (HEPU) at the Scottish Government.

THE DIRECTORS

The directors and senior management of the Agency during 2014-15 were:

Ian Walford	Chief Executive
Stephen Duncan	Director, Commercial & Tourism
Dr David Mitchell	Director, Conservation
Barbara Cummins	Director, Heritage Management
Gary Love	Director, Human Resources
Myriam Madden	Director, Finance (To 10/10/2014)
Lisa Nicholson	Director, Communications and Media
Jennie Smith	Head of Finance
Paul Smart	Head of Programme Delivery

From July 2013, seven members of RCAHMS directors and senior management were invited to participate in a Joint Senior Management Team to foster closer working in the lead up to the merger. Remuneration for these members are not covered by Historic Scotland and are determined by RCAHMS.

The Chief Executive is a member of the Senior Civil Service, and his remuneration is determined under the terms of Section 5.3.6 of the Civil Service Management Code. The other Senior Management Team members have their remuneration determined under Historic Scotland's own arrangements which are negotiated separately and which are consistent with the Agency's own business needs and Government policy on Civil Service pay.

Additional information on salary and pension entitlements can be found in the Remuneration Report.

None of the directors held any company directorships or other significant interests which may have conflicted with their management responsibilities during the year.

PENSIONS

As civil servants, employees of Historic Scotland are members of the Principal Civil Service Pension Scheme. Details of the scheme can be found in Note 5 to the Accounts and the Remuneration Report.

CHARITABLE DONATIONS

There were no charitable donations exceeding £200 in aggregate (2013-14: Nil).

SUPPLIER PAYMENT POLICY

The Agency complies with the Confederation of British Industry's Prompt Payers Code, where payment is made within 30 days of receipt of invoices.

In addition, the First Minister told Parliament in October 2008 that "this Government will aspire to the 10 day target of paying the bills of small businesses around Scotland". Historic Scotland aspires to achieve this target for all companies.

For goods and services completed to the satisfaction of the Agency 99% of invoices for goods and services from suppliers were paid within the 30 day credit period in 2014-15 (99% in 2013-14) and 89% were paid within the 10 day period in 2014-15 (92% in 2013-14).

IMPORTANT EVENTS OCCURRING AFTER THE YEAR END

There were no material events occurring after the year end which had a bearing on the accounts.

AUDITORS

The accounts are audited by KPMG LLP, who was appointed by the Auditor General for Scotland. Further details on audit remuneration can be found in Note 28 to the Accounts.

EMPLOYMENT RECRUITMENT

Recruitment campaigns undertaken by Historic Scotland were carried out on the basis of fair and open competition, selection on merit and in accordance with the guidance laid down by the Civil Service Commissioners. The Agency's recruitment/selection records are subject to regular scrutiny by internal auditors and the auditors of the Civil Service Commissioners. Details of recruitment in 2014-15 and 2013-14 are as follows:

Pay Band	Number of Posts		Male		Female	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Up to £16,764	64*	84*	29	46	35	38
£18,213 - £20,973	23	17	10	11	13	6
£22,022 - £28,448	9	6	6	2	3	4
£29,870 - £35,061	5	6	5	4	0	2
£36,815 - £42,662	0	3	0	3	0	0
Over £44,796	2	0	1	0	1	0
Total	103	116	51	66	52	50
%	100%	100%	49.5%	57%	50.5%	43%

* 28 of the above are part year permanent positions (at Band A and B level). 4 Apprentices are also included in the figures.

EMPLOYEES WITH DISABILITIES

Historic Scotland is committed to equality of opportunity 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. Where an employee becomes disabled, Historic Scotland will re-train and re-deploy wherever applicable.

The average number of self-declared disabled people employed in the year was 18 (2013-14: 15).

EQUAL OPPORTUNITIES AND DIVERSITY

Historic Scotland is committed to equality of opportunity for all its employees and customers, and to treating every member of staff and every customer with dignity and respect. It is the Agency's policy to ensure that all staff are able to work in an environment free from discrimination, harassment and bullying.

As an Agency of the Scottish Government, Historic Scotland fully subscribes to the Government's Race Equality Scheme, Disability Scheme and the Gender Equality Scheme. As an organisation, we continue to develop structures and systems to ensure that equal opportunities become an integral part of our thinking and behaviour.

STAFF RELATIONS

Management and the Trade Union Alliance (TUA) of Historic Scotland are committed to working in a spirit of trust, openness and integrity as partners in all matters relating to the general welfare, terms, conditions and working practices of staff.

The partnership will promote openness through discussion and sharing of information to reach, where possible, a common view to achieve its goals in an organisation that works together, learns from others, makes best use of resources, and values its people. It is the shared aim of both partners to provide a public service that earns respect and trust, is open, in touch and responsive, and promotes the interests of Scotland and its historic environment.

The Partnership agreement was signed in 2010-11 which will be the basis for all discussion going forward.

SICKNESS ABSENCE

Historic Scotland accepts that employees will be prevented from attending work due to illness or injury from time to time. Although the Agency recognises that employees need to be properly supported during absences, our priority is to meet our operational objectives. As a result, we take distinct steps to balance the needs of the individual with the needs of the Agency and to effectively manage sickness absence. To achieve this balance, we take a positive and pro-active approach to attendance management including:

- Advising all employees and line managers of their roles and responsibilities through appropriate training, guidance and support;
- Monitoring and analysing absence and providing useful Management Information;
- Supporting employees with regular short term absence to improve their level of attendance; and
- Assisting employees on long term absence to return to work successfully at the earliest opportunity via individually tailored return to work plans.

In 2014-15, an average of 8.11 days (including leavers) were lost per staff year. (6.1 in 2013-14).

PERSONAL DATA RELATED INCIDENTS

Section 417 of the Companies Act 2006 requires that organisations report on personal data related incidents. In 2014-15, we had 5 reported potential losses of sensitive data. Investigations have indicated that no sensitive data was lost during any of these incidents.

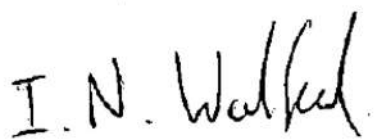
- One issue with security on a mobile ticketing solution.
- One issue of unsecured paper files.
- Three issues of potentially sensitive data being held on unsecured network.

EMPLOYEE CONSULTATION

The Agency is committed to effective employee communications, which it maintains through all staff notices, the staff newsletter and briefing sessions. The Historic Scotland Unions (HSU) meets regularly with the Director of Human Resources and other Senior Managers to provide the representatives of staff and management the opportunity to discuss matters of concern, mutual interest or partnership issues.

DISCLOSURE OF RELEVANT AUDIT INFORMATION

As Accountable Officer, I am not aware of any relevant audit information of which our auditors are unaware. I have taken all necessary steps to ensure that I myself am aware of any relevant audit information and to establish that the auditors are also aware of this information.



IAN WALFORD

Chief Executive

31 July 2015

Historic Scotland remuneration report

PART 1: UNAUDITED INFORMATION

Remuneration policy

Historic Scotland's Chief Executive is a member of the Senior Civil Service.

The remuneration of Senior Civil Servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

In reaching its recommendations, the Review Body has regard to the following considerations:

- 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;
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the Government's departmental expenditure limits; and
- the Government's inflation target.

The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the Review Body can be found at www.ome.uk.com.

The remuneration of Historic Scotland's non-executive directors is set by Scottish Ministers taking into account their roles and responsibilities and remuneration levels in comparable organisations.

Service Contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

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

Further information about the work of the Civil Service Commission can be found at <http://civilservicecommission.independent.gov.uk>.

PART 2: AUDITED INFORMATION

Salaries

Salary and pension entitlements of the Historic Scotland Senior Management Team members were as follows:

Name and title	Salary (£000)		Bonus Payments (£000)		Benefits in Kind (to nearest £100)		Pension Benefits (£000)		Total (£000)	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
Ian Walford Chief Executive	75-80	75-80	-	-	-	-	16	5	90-95	80-85
Stephen Duncan Director, Commercial & Tourism	65-70	65-70	-	-	-	-	25	22	90-95	85-90
David Mitchell Director, Conservation	70-75	65-70	-	-	-	-	24	17	90-95	80-85
Barbara Cummins Director, Heritage Management	65-70	60-65	-	-	-	-	24	21	85-90	80-85
Gary Love Director, Human Resources	65-70	60-65	-	-	-	-	36	35	100-105	95-100
Lisa Nicholson Director, Communications	60-65	55-60	-	-	-	-	23	20	80-85	75-80
Myriam Madden Director, Finance (To 10/10/2014)	30-35 (60-65 full year equivalent)	60-65	-	-	-	-	13	22	40-45 (80-85 full year equivalent)	80-85
Jennie Smith Head of Finance (From 01/05/2013)	50-55	45-50 (45-50 full year equivalent)	-	-	-	-	14	15	60-65	60-65 (60-65 full year equivalent)
Paul Smart Head of Programme Delivery (From 06/05/2013)	65-70	60-65 (65-70 full year equivalent)	-	-	-	-	10	4	75-80	65-70 (70-75 full year equivalent)

Pay Median	2014-15	2013-14
Band of highest paid director	75-80	75-80
Total Remuneration (£000s)		
Median Total Remuneration	20,973	20,673
Ratio	3.70	3.65

Salary

'Salary' includes gross salary; performance pay and overtime. Amounts relate to Historic Scotland employment only and do not include any other earnings from positions elsewhere in the civil service.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by HM Revenue and Customs as a taxable emolument. In 2014/15 this value was Nil (2013/14 Nil).

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2014-15 relate to the performance in 2014-15 and the comparative bonuses reported for 2013-14 relate to the performance in 2013-14.

Pay Median

Reporting bodies are now required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest paid director in Historic Scotland in the financial year 2014-15 was £75-80k (2013-14 £75-80k). This was 3.70 times (2013-14 3.65) the median remuneration of the workforce, which was £20,973 (2013-14 £20,673).

In 2014-15, nil (2013-14, nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £11,100 to £76,000 (2013-14 £11,000 - £75,000).

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

The change in the ratio is due to the pay award.

Compensation for loss of office

Myriam Madden left under Voluntary Exit terms on 10th October 2014. She received a compensation payment of £30-35k.

PENSION BENEFITS

Name and title	Accrued pension at pension age as at 31-3-15 and related lump sum (£000)	Real increase in pension and related lump sum at pension age (£000)	CETV at 31-03-15 (£000)	CETV at 31-03-14 (£000)	Real increase in CETV (£000)	Employer contribution to partnership pension account (Nearest £100)
Ian Walford Chief Executive	25-30 plus 75-80 lump sum	0-2.5 plus 2.5-5 lump sum	481	446	11	Nil
Stephen Duncan** Director, Commercial & Tourism	25-30	0-2.5	311	277	13	Nil
David Mitchell* Director, Conservation	15-20	0-2.5	220	193	13	Nil
Barbara Cummins** Director of Heritage Management	5-10	0-2.5	95	74	11	Nil
Gary Love Director, Human Resources and IT	25-30 plus 85-90 lump sum	0-2.5 plus 5-10 lump sum	516	466	26	Nil
Myriam Madden** Director, Finance	0-5	0-2.5	39	29	6	Nil
Lisa Nicholson** Director, Communications	5-10	0-2.5	66	53	6	Nil
Jennie Smith*** Head of Finance (From 01/05/2013)	5-10	0-2.5	102	86	9	Nil
Paul Smart Head of Programme Delivery (From 06/05/2013)	20-25 plus 70-75 lump sum	0-2.5 plus 0-2.5 lump sum	516	482	9	Nil

* Opted for Premium

** Opted for Novus

Details of pensions and Cash Equivalent Transfer Values are disclosed based on information supplied by the Department for Work and Pensions. The CETV figure for 31-03-14 may have changed from the corresponding figure reported last year. The difference is as a result of inflation adjustments in last year's balances that should not have been included.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (**classic**, **premium** or **classic plus**); or a whole career scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are salary-related and range between 1.5% and 6.85% of pensionable earnings for **classic** and 3.5% and 8.85% for **premium**, **classic plus** and **nuvos**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pension Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. 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 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**.

Further details about the Civil Service pension arrangements can be found at the website <http://www.civilservicepensionscheme.org.uk>.

New Career Average pension arrangements will be introduced from 1st April 2015 and the majority of **classic**, **premium**, **classic plus** and **nuvos** members will join the new scheme. Further details of this new scheme are available at <http://www.civilservicepensionscheme.org.uk/members/the-new-pension-scheme-alpha/>.

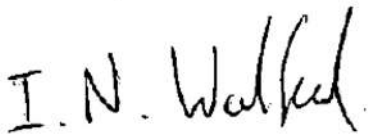
Cash Equivalent Transfer Values

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 benefits 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 pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out 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.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.



IAN WALFORD

Chief Executive

31 July 2015

Statement of Agency's and Chief Executive's responsibilities

Under section 19 of the Public Finance and Accountability (Scotland) Act 2000 the Scottish Ministers have directed Historic Scotland to prepare a statement of accounts for each financial year in conformity with the accounts direction on page 59 of these financial statements, detailing the resources acquired, held, or disposed of during the year and the use of resources by the Agency during the year.

The accounts are prepared on an accruals basis and must give a true and fair view of the Agency's state of affairs at the year end and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

The Principal Accountable Officer of the Scottish Government appointed the Chief Executive of Historic Scotland as the Accountable Officer for the Agency. As Accountable Officer, the Chief Executive is responsible to the Scottish Ministers.

In preparing the accounts the accountable officer is required to comply with the *Scottish Public Finance Manual*, 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 *Government Financial Reporting Manual*, have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Agency will continue in operation.

The Scottish Government has appointed the Chief Executive as Accounting Officer of Historic Scotland. The responsibilities of the Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping proper records and for safeguarding the Agency's assets, are set out in the Memorandum to accountable officers from the Principal Accountable Officer.

Governance Statement

for the year ended 31 March 2015

SCOPE OF RESPONSIBILITY

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Historic Scotland's strategic priorities, set by the Scottish Ministers, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

As Accountable Officer, I am personally answerable to the Scottish Parliament in accordance with section 15 of the Public Finance and Accountability (Scotland) Act 2000. I am responsible for the propriety and regularity of financial transactions under my control and for the economical, efficient and effective use of resources provided to the Agency, for ensuring that arrangements have been made to secure best value and for signing the Agency's annual accounts. I am also responsible for providing the necessary assurances to the Principal Accountable Officer to enable them to sign the Governance Statement contained within the Scottish Government consolidated accounts. I have responsibility for ensuring that effective management systems are in place within the Agency and that all risks are identified, assessed and managed appropriately.

The Scottish Public Finance Manual (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.

GOVERNANCE FRAMEWORK

Historic Scotland is an executive Agency of the Scottish Government. All functions performed by the Agency are carried out on behalf of Scottish Ministers. The Agency's Chief Executive (Ian Walford) is head of the Agency and is responsible to the Scottish Ministers. Further information on the mission and aims of Historic Scotland and the role of the Scottish Ministers and the Chief Executive is set out in the Agency's Framework Document.

As part of the upcoming merger it was decided, in July 2013, to help develop the organisational structure for the new body and foster closer working, Diana Murray, Secretary of RCAHMS, would be seconded on a part time temporary basis to the Agency as Joint Chief Executive. Ian Walford was seconded to RCAHMS on the same basis.

The Joint Chief Executives chair a Joint Senior Management Team comprising senior staff from Historic Scotland and RCAHMS. The Joint SMT receives regular reports on the merger programme, monitors progress with the delivery of commitments across both organisations and considers major strategic decisions required to ensure continued delivery. The Joint Senior Management Team meets fortnightly.

During this time Ian Walford remained as sole Accountable Officer for Historic Scotland while Diana Murray remained as Accountable Officer for RCAHMS.

A Transition Programme was established to ensure an effective transition to the new body, Historic Environment Scotland. The Programme, which consists of a number of projects and work streams, is overseen by a Programme Board and a Transition Advisory Board (TAB). The TAB provide constructive advice and support to the Programme.

It is chaired by the Director of Culture, Europe and External Affairs, Karen Watt (previously, Aileen McKechnie – to Jan 2015), and consists of six non-executive members as well as joint CEOs, Diana Murray and Ian Walford.

The Joint Senior Management Team and Accountable Officer are also supported by an Audit and Risk Committee which provides constructive challenge on issues of risk, control and governance and associated assurance through a process of constructive challenge.

The Audit and Risk Committee meets on a quarterly basis to discuss all areas of risk, control and governance as well as plan the activities of both internal and external audits. The Committee reports to the Accountable Officer and the Joint Senior Management Team on the effectiveness of the internal control environment.

Membership of the Audit and Risk Committee comprised three external members.

Members during the year to 31 March 2015 were:

David McGibbon Chairman

Robert Stewart

Iain Scott

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The system of governance is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve the Agency's strategic priorities. It can therefore only provide reasonable, and not absolute, assurance of effectiveness.

The system of governance is based on an ongoing process designed to identify the principal risks to the achievement of the Agency's strategic priorities; to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The process within Historic Scotland accords with the SPFM and has been in place for the year ended 31 March 2015 and up to the date of approval of the annual report and accounts and accords with guidance from the Scottish Ministers.

RISK ASSESSMENT

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. The general principles for a successful risk management strategy are set out in the SPFM.

An Agency risk register is in operation, which details the most significant risks for the delivery of the Agency's strategic priorities. This register is reviewed quarterly. In addition, each group within the Agency has compiled a register of risks to the delivery of the priorities specific to their area which is regularly reviewed by the group.

The results of each review are presented quarterly to Historic Scotland's Joint Senior Management Team and are also reviewed quarterly by the Historic Scotland Audit and Risk Committee. A revised risk management approach based on HM Treasury guidance was introduced in 2012-13 providing assurance on the business through improved processes for the identification, collation, escalation and reporting of risks.

RISK AND CONTROL FRAMEWORK

Historic Scotland's Audit and Risk Committee receive reports from the Director of Finance, Scottish Government Internal Audit and KPMG on behalf of Audit Scotland concerning internal control issues and recommendations and are notified of actions to be taken to address any issues or weaknesses identified. The Audit and Risk Committee also consider the adequacy of arrangements for the assessment and management of risk and the adequacy of arrangements for corporate governance.

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

To support continuous improvement within the Agency the Business Improvement Office was set up in 2010-11 to ensure the Agency's strategic objectives are at the heart of its programmes and projects. The office is responsible for keeping guidelines and templates up to date, supporting the directorates with programme and project management matters, collating and disseminating lessons learned and facilitating the Business Improvement Board which assesses project appraisals.

Historic Scotland is engaged in the implementation of an IT Strategy which is Agency wide and consists of interconnected projects that work in conjunction with the Building for Success Programme. The Information Governance Programme which collectively deals with information risk, data handling, business continuity, information, records, document management and security is in line with the IT implementation examining in detail Historic Scotland's:

- Information Classification.
- Data Handling and Security.
- Service Plans.
- Shared Initiatives.
- Information, Records and Document Management.
- Information Communication Technology.

REVIEW OF EFFECTIVENESS

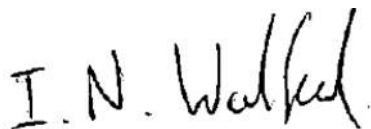
As Accountable Officer, I have responsibility for reviewing the effectiveness of the system of governance. My review is informed by:

- the managers within the Agency who have responsibility for the development and maintenance of the internal control framework;
- the work of the internal auditors, who submit to the Agency's Audit and Risk Committee regular reports which include the Head of Internal Audit's independent and objective opinion on the adequacy and effectiveness of the Agency's systems of internal control together with recommendations for improvement;
- the Audit and Risk Committee which oversees the work of the internal auditors; and
- comments made by the external auditors in their management letter and other reports.

Appropriate action is in place to address any weaknesses identified and to ensure the continuous improvement of the system.

SIGNIFICANT ISSUES

There were no significant issues raised in 2014-15.



IAN WALFORD

Chief Executive

31 July 2015

Independent auditor's report to Historic Scotland, the Auditor General for Scotland and the Scottish Parliament

We have audited the financial statements of Historic Scotland for the year ended 31 March 2015 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2014/15 Government Financial Reporting Manual (the 2014/15 FReM).

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 125 of the Code of Audit Practice approved by the Auditor General for Scotland, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

RESPECTIVE RESPONSIBILITIES OF ACCOUNTABLE OFFICER AND AUDITOR

As explained more fully in the Statement of the Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and is also responsible for ensuring the regularity of expenditure and income. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) as required by the Code of Audit Practice approved by the Auditor General for Scotland. Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We are also responsible for giving an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the body's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Accountable Officer; and the overall presentation of the financial statements. It also involves obtaining evidence about the regularity of expenditure and income. In addition, we read all the financial and non-financial information in the annual accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements, irregularities, or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2015 and of its net operating cost for the year then ended;

INDEPENDENT AUDITOR'S REPORT TO HISTORIC SCOTLAND,
THE AUDITOR GENERAL FOR SCOTLAND AND THE SCOTTISH PARLIAMENT CONTINUED:

- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2014/15 FReM; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

OPINION ON REGULARITY

In our 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, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

OPINION ON OTHER PRESCRIBED MATTERS

In our opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We are required to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit; or
- the Governance Statement does not comply with guidance from the Scottish Ministers.

We have nothing to report in respect of these matters.



ANDREW SHAW (for and on behalf of KPMG LLP)

Statutory Auditor
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

3 August 2015

Statement of Comprehensive Net Expenditure

for the year ended 31 March 2015

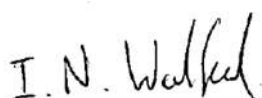
	Note	2014-15 £000	2013-14 £000
Income			
Income from Commercial & Tourism	2	38,166	36,337
Other income	3	1,649	1,857
		39,815	38,194
Expenditure			
Policy	6	–	424
Heritage Management	7	3,701	3,734
Investments	8	14,624	17,514
Conservation	9	23,451	24,524
Commercial & Tourism	10	21,126	21,298
Central services	11	9,030	9,481
Depreciation, amortisation and impairment charges	13(iii)	2,195	2,105
		74,127	79,080
Net operating cost before Scottish Government funding		(34,312)	(40,886)
Other Comprehensive Expenditure			
		2014-15 £000	2013-14 £000
Items that will not be reclassified to net operating costs:			
Net gain on revaluation of Property Plant and Equipment		396	2,948
		396	2,948
Total Comprehensive Expenditure for the year ended 31 March 2015		(33,916)	(37,938)

The notes on pages 29 to 57 form part of these accounts.

Statement of Financial Position

as at 31 March 2015

	Note	2014-15 £000	2013-14 £000
Non-current assets			
Property, plant and equipment	13	30,078	30,734
Intangible assets	14	61	282
Heritage Assets	15	361	361
<i>Total non-current assets</i>		30,500	31,377
Current assets			
Inventories	16	1,497	1,806
Trade and other receivables	17	1,907	2,822
Cash and cash equivalents	18	730	2,400
<i>Total current assets</i>		4,134	7,028
Total Assets		34,634	38,405
Current Liabilities			
Trade and other payables	19	13,767	18,052
Provisions	20	174	399
<i>Total current liabilities</i>		13,941	18,451
Non-current assets plus net current liabilities		20,693	19,954
Non-current liabilities			
Other payables	19	313	261
Provisions	20	86	132
<i>Total non-current liabilities</i>		399	393
Assets less liabilities		20,294	19,561
Taxpayers' equity			
General fund		3,513	3,166
Revaluation reserve		16,781	16,395
Total taxpayers' equity		20,294	19,561



IAN WALFORD
Chief Executive
31 July 2015

The Accountable Officer authorised these financial statements for issue on 31 July 2015

The notes on pages 29 to 57 form part of these accounts.

Statement of Cash Flows

for the year ended 31 March 2015

	Note	2014-15 £000	2013-14 £000
Cash flows from operating activities			
Net operating cost before Scottish Government funding		(34,312)	(40,886)
<i>Adjustments for non-cash items</i>			
Notional charges	28	187	197
Depreciation, amortisation and impairment	13(iii)	2,195	2,105
Loss/(Gain) on disposal of property, plant and equipment		(40)	28
Receivables adjustment		–	–
<i>Movements in working capital</i>			
Decrease/(Increase) in inventories	16	309	(63)
Decrease/(Increase) in trade and other receivables	17	915	(537)
(Decrease)/Increase in trade payables*	19	(2,562)	13
<i>Movements in provisions</i>			
(Decrease) in provisions	20	(271)	(166)
Net cash outflow from operating activities		(33,579)	(39,309)
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(931)	(1,564)
Proceeds of disposal of property, plant and equipment		48	31
Net cash outflow from investing activities		(883)	(1,533)
Cash flows from financing activities			
Scottish Government funding for year		34,462	40,842
Movement on Scottish Government funding (receivable)/payable		(1,670)	1,151
Scottish Government cash funding for year		32,792	41,993
Net (decrease)/increase in cash and cash equivalents		(1,670)	1,151
Cash and cash equivalents as at 1 April 2014	18	2,400	1,249
Cash and cash equivalents as at 31 March 2015	18	730	2,400

* Excluding Balance with Scottish Government

The notes on pages 29 to 57 form part of these accounts.

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2015

	Note	General Fund	Revaluation Reserve	Total Reserves
		£000	£000	£000
Balance at 31 March 2013		3,153	13,499	16,652
Funding from the Scottish Government		40,842	–	40,842
Comprehensive Expenditure for the year		(37,938)	–	(37,938)
Non Cash Adjustments				
Non-cash charges – auditor's remuneration	28	67	–	67
Non-cash charges – departmental overhead	28	130	–	130
Non-cash charges – adjustment of property, plant and equipment		(192)	–	(192)
Transfers between Reserves				
Transfers between reserves – realised element of revaluation reserve		52	(52)	–
Recognised in statement of comprehensive net expenditure		(2,948)	2,948	–
Balance at 31 March 2014		3,166	16,395	19,561
Funding from the Scottish Government		34,462	–	34,462
Comprehensive Expenditure for the year		(33,916)	–	(33,916)
Non Cash Adjustments				
Non-cash charges – auditor's remuneration	28	67	–	67
Non-cash charges – Departmental overhead	28	120	–	120
Non-cash charges – adjustment of property, plant and equipment		–	–	–
Transfers between Reserves				
Transfers between reserves – realised element of revaluation reserve		10	(10)	–
Recognised in statement of comprehensive net expenditure		(396)	396	–
Balance at 31 March 2015		3,513	16,781	20,294

The notes on pages 29 to 57 form part of these accounts.

Notes to the accounts

1. STATEMENT OF ACCOUNTING POLICIES

The accounts have been prepared in accordance with the 2014-15 *Government Financial Reporting Manual (FReM)* issued by HM Treasury. The accounting policies contained in the manual follow generally accepted accounting practices (GAAP) as defined in International Financial Reporting Standards (IFRS) as adopted by the European Union and the Companies Act 2006 to the extent that it is meaningful and appropriate in the public sector context. The accounting policies adopted are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

(a) Going Concern

These accounts have been prepared on a Going Concern Basis. Management considers that this is appropriate due to the continued funding and support from the Scottish Government. Funding has been agreed for 2015-16 (funding for both Historic Scotland and RCAHMS in the year of transformation). Future funding for Historic Environment Scotland (HES) will be detailed in the next spending review. The functions of Historic Scotland will continue forward in the new body with all the assets and liabilities of both Historic Scotland and RCAHMS transferring to HES on 1st October 2015.

(b) Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and, where material, current asset investments and inventories to fair value as determined by the relevant accounting standard.

(c) Changes in accounting policy

There has been no significant changes in accounting policy during 2014-15.

The following Adopted IFRSs have been issued but have not been applied in these accounts. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- IFRS 9 Financial Instruments. The effective date of this standard is 1 January 2018. The adoption of this standard could change the classification and measurement of financial assets. The impact on the accounts has not been determined, and the full IFRS has not yet been issued.
- IFRS 10 Consolidated Financial Statements and IAS 27 (2011) Separate Financial Statements (mandatory for year commencing on or after 1 January 2014).
- IFRS 11 Joint Arrangements and Amendments to IAS 28 (2008) Investments in Associates and Joint Ventures (mandatory for year commencing on or after 1 January 2014).
- IFRS 12 Disclosure of Interests in Other Entities (mandatory for year commencing on or after 1 January 2014).
- IFRS 13 Fair Value Measurement – Effective from 2015-16. To define fair value and provide guidance on fair measurement techniques. The application of IFRS13 is under HMT review, and the final application is not yet known. The adoption of this standard could change the measurement techniques used when determining fair value. The impact on the accounts has not been determined.

(d) Income and expenditure

Income which includes receipts from visitor admission charges, retail sales and subscriptions is accounted for net of Value Added Tax. Income from the Friends of Historic Scotland is accounted for on a cash basis net of Value Added Tax. Expenditure is shown net of Value Added Tax where it is recoverable.

(e) Grants payable

Grants are paid to individuals and bodies by the Agency in accordance with its statutory powers and duties. They are accounted for in the period in which the underlying activity, to which the grant relates, is carried out. Any element of a grant where the offer has been made but the underlying activity falls out with the accounting period is quantified in capital commitments.

(f) Property, Plant and Equipment (PPE)

All of the feuhold property comprising the non-monument estate is the subject of a 5 year rolling programme of professional valuations in accordance with International Accounting Standard 16. Approximately 20% of the estate is valued each year by District Valuers (DV) of the Valuation Office acting in the capacity of External Valuers. For this report valuations have been prepared by DVs as at 31 March 2015 on the undernoted basis in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. These valuations are updated annually by Historic Scotland using appropriate indices and, following valuation, the remaining life may be restated.

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.

With four exceptions all of the non-monument properties are regarded by Historic Scotland as operational and have been stated at fair value based, on the Market Value for existing use, on the assumption that the property is sold as part of the continuing enterprise in occupation. Three assets have been defined as specialised properties and have been valued on the basis of Depreciated Replacement Cost. One asset is leased to a third party and has been valued on the basis of Open Market Value. Residential properties have been valued on the assumption that they are subject to assured tenancies in terms of the Housing (Scotland) Act 1988.

The sources of information and assumptions made in producing the various valuations are set out in the Valuation Certificate which is not published in the Annual Accounts.

The valuation figures incorporated in the Annual Accounts are the aggregate of separate valuations of parts of the portfolio, not a valuation or apportioned valuation of the portfolio valued as a whole.

The feuhold property comprising of the monument estate is not included in the rolling programme of valuations as it would be impossible to obtain a reliable valuation for these, and Historic Scotland has included these at nil value.

Expenditure of a capital nature incurred in pursuance of the Agency's commercial activities on works integral to the fabric of the historic sites is initially identified as assets under construction within the Property, Plant and Equipment note. Thereafter it is transferred to the relevant asset category. Similar works of a non-commercial nature are written off in the year of expenditure.

Land related to operational assets is capitalised where it can be clearly separated from the heritage asset.

Depreciated historic cost has been used as a proxy for the current value of motor vehicles and plant and machinery. All of the assets in these categories have:

1. low values and short useful economic lives which realistically reflect the life of the asset; and
2. a depreciation charge which provides a realistic reflection of consumption.

Computer equipment is stated at Depreciated historic cost. Multiple purchases of identical assets may be grouped to meet the capitalisation threshold.

Works of art, which are new works and have only recently been completed, have been included at cost. Once the assets reach more than five years of age, they will be subject to professional valuation and their value amended accordingly.

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

The capitalisation thresholds for the principal categories of assets are:

Land	£10,000
Buildings and dwellings	£10,000
Plant and motor vehicles	£5,000
Office equipment	£5,000
Computer equipment	£1,000
Development costs	£5,000
Antiques and works of art (non-heritage)	£5,000

(g) Depreciation

Depreciation is provided on property, plant and equipment, excluding historical assets and archives, on a straight line basis at rates sufficient to write down their cost over their estimated useful lives. The depreciation periods for the principal categories of assets are:

Land	Not depreciated
Buildings and dwellings	On an individual basis not exceeding 60 years
Plant and motor vehicles	5 years
Office equipment	5 years
Computer equipment	3 years
Development costs & Intangible Assets	On an individual basis not exceeding 7 years
Antiques and works of art (non-heritage)	Up to 60 years

Assets in the course of construction are not depreciated until the asset is brought into use. Archives, which comprise maps, plans, photographs and books, are not depreciated, as the annual costs incurred in their maintenance and updating are sufficient to maintain their value.

Additions to historic collections are not depreciated as the length of their anticipated useful economic life is such that depreciation is not considered to be material.

(h) Assets held for sale

A property is derecognised and held for sale under IFRS 5 when all the following requirements are met:

- It is available for immediate sale;
- A plan is in place, supported by management, and steps have been taken to conclude sale; and
- It is actively marketed and there is an expectation that the sale will be made in less than 12 months.

Assets held for sale include assets where Historic Scotland intends and expects to sell within one year from the date of classification of held for sale. Assets classified as held for sale are measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. Assets classified as held for sale are not subject to depreciation or amortisation.

(i) Donated assets

Donated property, plant and equipment assets are capitalised at their fair value on receipt. The funding element is recognised as income and taken to the Statement of Comprehensive Net Expenditure. Subsequent revaluations are taken to the revaluation reserve.

(j) Intangible assets

Intangible assets are valued initially at cost and subsequently at fair value using the revaluation model.

Where an active market does not exist, income generating assets are valued at the lower of depreciated replacement cost and value in use. Non income generating assets are carried at depreciated replacement cost. These valuation methods are considered to be a proxy for fair value.

Future economic benefit has been used as the criteria in assessing whether an intangible asset meets the definition and recognition criteria of IAS 38 where assets do not generate income. IAS 38 defines future economic benefit as 'revenue from the sale of products or services, cost savings or other benefits resulting from the use of the asset by the entity'.

(k) Heritage 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.

Historic Scotland is responsible for 345 archaeological and historic sites across Scotland in the care of Scottish Ministers. The majority of these are treated as non-operational heritage assets in that they are held primarily for the maintenance of the nation's heritage.

Assets treated as non-operational Heritage fall within the following categories:

Crown Properties

There are thirty five Crown properties of which eight are buildings in good condition with the structure essentially complete.

It is the opinion of the Accountable Officer that owing to the incomparable nature of the monuments that the valuation of these sites lack reliability and involves cost that are likely to be onerous on Historic Scotland. As a result no value is reported for these assets in the Agency's Statement of Financial Position.

Other Properties

The remaining properties include archaeological sites, burial mounds, ruins, monuments or statues.

Many of these monuments are cared for by Historic Scotland, but are not owned by the Scottish Ministers. They are being held under a guardianship arrangement. Title to the property remains with the original owner.

It is the opinion of the Accountable Officer that owing to the incomparable nature of the monuments that the valuation of these sites lack reliability. As a result no value is reported for these assets in the Agency's Statement of Financial Position.

Collections

The Agency has a collection of nearly 30,000 objects in its care which includes archaeological artefacts, paintings, ancient weapons and furnishings.

It is the opinion of the Accountable Officer that due to the number of items, lack of comparative market values and the diverse nature of the collection, reliable cost or valuation information cannot be obtained. The Agency does not therefore recognise these assets on its Statement of Financial Position, other than recent acquisitions, where the object is purchased, which are reported at cost (Note 15).

Conservation Costs

Expenditure which is required to conserve and maintain Heritage Assets, in line with Agency responsibility to protect and enhance the historic environment, is recognised in the Statement of Comprehensive Net Expenditure when it is incurred.

Further information is given in Notes 15 and 30 to the accounts.

(l) Realised element on depreciation of revaluation reserve

Depreciation is charged to the Statement of Comprehensive Net Expenditure 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 the general fund.

(m) Inventories

All inventories held are stated at the lower of cost and net realisable value.

(n) Pension costs

Past and present employees of Historic Scotland are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which are described in the remuneration report. Full superannuation costs are an expense of Historic Scotland at rates determined by HM Treasury.

(o) Early departure costs

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

(p) Leases

Where substantially all the risks and rewards of ownership of a leased property are borne by the entity, it is recorded as a non-current asset and a corresponding creditor recorded in respect of debt due to the lessor, with the interest element of the finance lease payment charged to the Statement of Comprehensive Net Expenditure.

Rentals payable in respect of operating leases will be charged to the Statement of Comprehensive Net Expenditure on a straight line basis over the term of the lease.

(q) Changes in estimation techniques

There have been no material changes in estimation techniques that were introduced in 2014-15.

2. INCOME FROM COMMERCIAL & TOURISM

	2014-15	2013-14
	£000	£000
Admissions	28,279	26,526
Turnover from trading sales	7,609	7,483
Functions	1,122	1,174
Fees from hire of facilities	1,009	990
Rental Income	147	164
	38,166	36,337

3. OTHER INCOME

	2014-15	2013-14
	£000	£000
Conservation work	64	77
Funding from the Heritage Lottery Fund	294	436
Partnership Funding	351	178
Gain/(loss) on disposal of property, plant and equipment	40	31
Recharged Costs	310	376
Other	531	676
Grant Recoveries	59	83
	1,649	1,857

4. COMMERCIAL TRADING ACCOUNT

	2014-15 £000	2013-14 £000
Income from commercial & tourism (note 2)	38,166	36,337
Less Direct Costs		
Cost of goods sold	3,784	3,558
Visitor services	10,435	10,769
Marketing	2,206	2,191
Purchasing	799	699
Functions and events	12	13
Membership	648	607
Interpretation	2,039	2,755
Education	1,225	943
Direct expenditure on commercial & tourism	21,148	21,535
Accommodation	1,622	1,663
Central services	4,773	4,867
Depreciation	1,326	1,329
Notional charges	107	109
Total expenditure on commercial & tourism	28,976	29,503
Net contribution	9,190	6,834

This note complies with guidance in the Scottish Public Finance Manual which requires disclosure of the income and expenditure relating to commercial activities.

HS charges for admission and operates other commercial activities at its properties in care. The figures above do not include any conservation expenditure that is directly related to the presentation and upkeep of sites where there is commercial activity, although an allocation of net contribution supports those activities.

Indirect expenditure on commercial and tourism includes an apportionment of some overheads from cross-organisational services.

5. STAFF NUMBERS AND RELATED COSTS

(i) Staff costs

Staff costs consist of:

	2014-15	2013-14
	£000	£000
Salaries and wages	25,598	25,982
Social security costs	1,715	1,746
Superannuation	4,285	4,114
Early departure costs	(6)	329
Agency/temporary staff costs	427	265
Total staff costs	32,019	32,436
Less: Recoveries in respect of outward secondments	(39)	(97)
Total net employment costs	31,980	32,339

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but Historic Scotland is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/pensions).

For 2014-15, employers' contributions of £4,285,068 were payable to the PCSPS (2013-14 £4,114,496) at one of four rates in the range 16.7% to 24.3% of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation.

The contribution rates are set to meet the cost of the benefits accruing during 2014-15 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. Employers' contributions of £87,906 were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age related and range from 3% to 12.5% of pensionable earnings. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £6,146, 0.8% 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 £5,936. Contributions prepaid at that date were £nil.

No employees retired early on ill health grounds in 2014-2015.

(ii) Average number of employees

The average number of whole-time equivalent persons employed during the year by occupational group was:

	2014-15 Number of Employees	2013-14 Number of Employees
Senior management	8	9
Policy Staff	–	20
Heritage Management Staff	78	67
Investments Staff	9	8
Conservation Staff	391	392
Commercial & Tourism Staff	434	439
Central Services Staff	116	112
Agency/temporary staff	13	8
	1,049	1,055

(iii) Reporting of Civil Service and other compensation schemes – exit packages

Exit package cost band	Number of Compulsory redundancies	Number of other departures agreed *	Total number of exit packages by cost band (total cost) *
<£10,000	–	– (2)	– (2)
£10,000-£25,000	–	– (2)	– (2)
£25,000-£50,000	–	– (4)	– (4)
£50,000-£100,000	–	– (1)	– (1)
£100,000-£150,000	–	– (-)	– (-)
£150,000-£200,000	–	– (-)	– (-)
£200,000-£250,000	–	– (-)	– (-)
£250,000-£300,000	–	– (-)	– (-)
Total Number of exit packages by type (total cost)	–	– (9)	– (9)
Total resource cost	–	– (£293,200)	– (£293,200)

* Comparative data is shown (in brackets) for previous year

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 the department has agreed early retirements, the additional costs are met by the department 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.

6. POLICY

	2014-15 £000	2013-14 £000
Policy & Legislation	–	424
	–	424

The above costs for 2013-14 reflect the costs to September 2013 at which point the Strategic Policy function transferred back to within the Scottish Government. This was as a result of the policy review and strategy development discussions.

7. HERITAGE MANAGEMENT

	2014-15 £000	2013-14 £000
Heritage Management North	538	497
Heritage Management East	521	506
Heritage Management West	559	544
Listings	448	465
Scheduling & Marine	463	547
Battlefields & Historic Land Use	305	298
Strategic Development	867	877
	3,701	3,734

8. INVESTMENTS

	2014-15 £000	2013-14 £000
Grants	14,624	17,514
	14,624	17,514

The 2014-15 total includes a grant, approved by Scottish Ministers, of £0.350m to the Historic Scotland Foundation (2013-14 £0.5m).

9. CONSERVATION

	2014-15	2013-14
	£000	£000
Conservation – South	4,833	5,046
Conservation – Central	4,059	4,377
Conservation – North	4,317	4,509
Conservation – Edinburgh	5,239	5,119
Collections	672	681
Sustainability & Science	1,660	2,064
Specialist Services	753	698
Survey & Applied Conservation	732	708
Traditional Skills	1,186	1,322
	23,451	24,524

The above costs include charges relating to Agency staff accommodation and works depots, this includes the head office in Edinburgh.

10. COMMERCIAL & TOURISM

	2014-15	2013-14
	£000	£000
Visitor Operations	10,070	10,126
Business Development	6,476	6,916
Trading	4,580	4,256
	21,126	21,298

11. CENTRAL SERVICES

	2014-15	2013-14
	£000	£000
Chief Executive & Communications	2,391	2,104
Information Systems	3,020	2,986
Human Resources	1,082	1,979
Training	299	325
Finance	1,215	1,191
Records Management	156	249
Major Projects	867	647
	9,030	9,481

The above costs include notional charges for departmental overhead and auditor's remuneration (see note 28).

12. PALACE OF HOLYROODHOUSE COSTS

Historic Scotland is responsible for the upkeep and maintenance of the Palace of Holyroodhouse. The costs involved are detailed below:

	2014-15 £000	2013-14 £000
Employment costs	967	840
Conservation and maintenance	177	133
Accommodation cost	69	93
Capital expenditure	2	27
Total expenditure	1,215	1,093

Employment costs include both Historic Scotland staff and staff employed by the Royal Household and recharged to Historic Scotland.

These costs are disclosed within the Agency's accounts as follows:

	2014-15 £000	2013-14 £000
Conservation (note 9)	1,215	1,093
	1,215	1,093

13. PROPERTY, PLANT AND EQUIPMENT

(i)

(a)	Land	Buildings (Exc dwellings)	Dwellings	Motor vehicles	Computer equipment	Plant & Equipment	Antiques & works of art (note a)	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost									
At 1 April 2014	2,411	21,675	3,108	2,746	4,564	5,896	2,094	677	43,171
Additions during year	-	-	-	147	387	35	-	362	931
Transfer from AuC	-	-	-	-	-	-	237	(237)	-
Indexation	-	-	-	-	-	-	-	-	-
Disposals during year	-	-	(12)	(105)	(624)	(88)	-	-	(829)
Transfers	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Revaluation	(52)	(302)	52	-	-	-	-	-	(302)
At 31 March 2015	2,359	21,373	3,148	2,788	4,327	5,843	2,331	802	42,971
Accumulated depreciation									
At 1 April 2014	-	(1,229)	(235)	(1,841)	(3,804)	(4,906)	(422)	-	(12,437)
Charge for the year	-	(677)	(107)	(315)	(471)	(350)	(54)	-	(1,974)
Backlog depreciation	-	-	-	-	-	-	-	-	-
Eliminated on disposal	-	-	5	105	624	86	-	-	820
Revaluation	-	575	123	-	-	-	-	-	698
Transfers	-	-	-	-	-	-	-	-	-
Impairments	-	-	-	-	-	-	-	-	-
At 31 March 2015	-	(1,331)	(214)	(2,051)	(3,651)	(5,170)	(476)	-	(12,893)
Net book value at 31 March 2015	2,359	20,042	2,934	737	676	673	1,855	802	30,078
Asset Financing:									
Owned	2,359	20,042	2,934	737	676	673	1,855	802	30,078
Net book value at 31 March 2015	2,359	20,042	2,934	737	676	673	1,855	802	30,078
Net book value at 31 March 2014	2,411	20,446	2,873	905	760	990	1,672	677	30,734

Notes:

a. Three Tapestries at Stirling Castle were partially donated by the Historic Scotland Foundation.

The net book value of the donated assets held in Antiques & works of art at 31 March 2015 was £644,509.

(b)	Land	Buildings (Exc dwellings)	Dwellings	Motor vehicles	Computer equipment	Plant & Equipment	Antiques & works of art (note a)	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost									
At 1 April 2013	2,577	19,885	3,092	2,516	4,232	5,590	1,673	913	40,478
Additions during year	-	52	-	481	443	390	-	198	1,564
Transfer from AuC	-	-	-	-	-	-	421	(421)	-
Indexation	26	210	45	-	-	-	-	-	281
Disposals during year	(69)	(190)	-	(251)	(111)	(84)	-	(13)	(718)
Transfers	-	-	-	-	-	-	-	-	-
Impairment	(28)	(41)	-	-	-	-	-	-	(69)
Revaluation	(95)	1,759	(29)	-	-	-	-	-	1,635
At 31 March 2014	2,411	21,675	3,108	2,746	4,564	5,896	2,094	677	43,171
Accumulated depreciation									
At 1 April 2013	-	(1,674)	(173)	(1,789)	(3,512)	(4,690)	(335)	-	(12,173)
Charge for the year	-	(560)	(106)	(303)	(404)	(301)	(87)	-	(1,761)
Backlog depreciation	-	(18)	(3)	-	-	-	-	-	(21)
Eliminated on disposal	-	17	-	251	112	85	-	-	465
Revaluation	-	1,006	47	-	-	-	-	-	1,053
Transfers	-	-	-	-	-	-	-	-	-
Impairments	-	-	-	-	-	-	-	-	-
At 31 March 2014	-	(1,229)	(235)	(1,841)	(3,804)	(4,906)	(422)	-	(12,437)
Net book value at 31 March 2014	2,411	20,446	2,873	905	760	990	1,672	677	30,734
Asset Financing:									
Owned	2,411	20,446	2,873	905	760	990	1,672	677	30,734
Net book value at 31 March 2014	2,411	20,446	2,873	905	760	990	1,672	677	30,734
Net book value at 31 March 2013	2,577	18,211	2,919	727	720	900	1,338	913	28,305

Notes:

a. Three Tapestries at Stirling Castle were partially donated by the Historic Scotland Foundation.

The net book value of the donated assets held in Antiques & works of art at 31 March 2014 was £658,840.

(ii) Revaluations

The Valuation Office prepared valuations at 31 March 2015 where certain buildings were valued either above or below the estimates; these have been updated in the 2014-15 annual accounts. The useful remaining life has also been re-assessed.

The total value of revalued assets is £5,408,800. The combined effect of the revaluations is an increase in the net book value of these properties of £396,116. This figure is also reflected in the revaluation reserve. Due to impairment there was an amount of £nil written back to the income and expenditure account.

(iii) Depreciation and impairment charge

	2014-15 £000	2013-14 £000
Depreciation charge for the year	1,974	1,761
Amortisation charge for the year (note 14)	221	275
Impairment charge	–	69
Total charge for the year	2,195	2,105

14. INTANGIBLE ASSETS

	Computer software & licences £000	Websites £000	Assets under Development £000	Total £000
Cost				
Opening balance 1 April 2014	1,166	221	–	1,387
Additions during year	–	–	–	–
Transfers from AuD	–	–	–	–
Transfers	–	–	–	–
Disposals during year	(59)	–	–	(59)
Closing balance 31 March 2015	1,107	221	–	1,328
Accumulated amortisation				
Opening balance 1 April 2014	(903)	(202)	–	(1,105)
Charge for the year	(202)	(19)	–	(221)
Transfers	–	–	–	–
Eliminated on disposal	59	–	–	59
Closing balance 31 March 2015	(1,046)	(221)	–	(1,267)
Net book value at 31 March 2015	61	–	–	61
Asset Financing:				
Owned	61	–	–	61
Finance Leased	–	–	–	–
Contract	–	–	–	–
Net book value at 31 March 2015	61	–	–	61
Net book value at 31 March 2014	263	19	–	282

14. Intangible assets cont.

	Computer software & licences £000	Websites £000	Assets under Development £000	Total £000
Cost				
Opening balance 1 April 2013	1,166	291	–	1,457
Additions during year	–	–	–	–
Transfers from AuD	–	–	–	–
Transfers	70	(70)	–	–
Disposals during year	(70)	–	–	(70)
Closing balance 31 March 2014	1,166	221	–	1,387
Accumulated amortisation				
Opening balance 1 April 2013	(732)	(168)	–	(900)
Charge for the year	(241)	(34)	–	(275)
Transfers	–	–	–	–
Eliminated on disposal	70	–	–	70
Closing balance 31 March 2014	(903)	(202)	–	(1,105)
Net book value at 31 March 2014	263	19	–	282
Asset Financing:				
Owned	263	19	–	282
Finance Leased	–	–	–	–
Contract	–	–	–	–
Net book value at 31 March 2014	263	19	–	282
Net book value at 31 March 2013	434	123	–	557

15. HERITAGE ASSETS

(i)

	Collections £000	Total £000
Cost		
At 1 April 2014	361	361
Additions during year	–	–
Disposals during year	–	–
Revaluation	–	–
At 31 March 2015	361	361

15. Heritage assets cont.

	Collections £000	Total £000
Cost		
At 1 April 2013	361	361
Additions during year	–	–
Disposals during year	–	–
Revaluation	–	–
At 31 March 2014	361	361

The valuation above solely relates to a collection of seven paintings purchased by the Agency in 2005-06.

The values quoted for the collections are transaction costs based on purchase costs or the Agency's best estimate of a current market valuation for donations.

Additions/Disposals in 2014-15

There were no additions or Disposals in 2014-15.

(ii) Five year financial summary of heritage asset transactions

There were a few transactions during the periods and these were acquisitions by donation. The value of these donations is not material and obtaining a current valuation would involve disproportionate cost. There were no transactions in respect of heritage assets in the current and prior four years.

16. INVENTORIES

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

	2014-15 £000	2013-14 £000
Retail	1,250	1,604
Raw materials and consumables	247	202
	1,497	1,806

17. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

17(i) Amounts falling due within one year:

	2014-15 £000	2013-14 £000
Trade receivables	571	628
Other receivables	68	67
Prepayments and accrued income	944	1,443
Recoverable VAT	324	673
	1,907	2,811

17(ii) Amounts falling due after more than one year

	2014-15 £000	2013-14 £000
Prepayments and accrued income	–	11

17(iii) Intra Governmental balances

	Receivables: amounts falling due within one year		Receivables: amounts falling due after more than one year	
	2014-15 £000	2013-14 £000	2014-15 £000	2013-14 £000
Balances with other central government bodies	400	735	–	–
Balances with local authorities	54	39	–	–
Balances with NHS bodies	–	–	–	–
Balances with public corporations and trading funds	99	–	–	–
Balances with bodies external to government	1,354	2,037	–	11
	1,907	2,811	–	11

18. CASH AND CASH EQUIVALENTS

	2014-15 £000	2013-14 £000
Balance at 1 April	2,400	1,249
Net Change in cash and cash equivalent balances	(1,670)	1,151
Balance at 31 March	730	2,400

The following balances at 31 March were held at:

Government Banking Service	225	1,924
Other bank accounts	172	171
Cash in transit and money held at monuments	333	305
Balance at 31 March	730	2,400

19. TRADE PAYABLES AND OTHER LIABILITIES

19(i) Amounts falling due within one year

	2014-15 £000	2013-14 £000
Trade Payables	444	1,007
Other taxation and social security	482	508
Balance with Scottish Government	730	2,400
Other payables	56	43
Accruals and deferred income	12,055	14,094
	13,767	18,052

19(ii) Amounts falling due after more than one year

	2014-15 £000	2013-14 £000
Accruals and deferred income	313	261

19(iii) Intra Governmental balances

	Payables: amounts falling due within one year		Payables: amounts falling due after more than one year	
	2014-15 £000	2013-14 £000	2014-15 £000	2013-14 £000
Balances with other central government bodies	2,620	3,053	–	–
Balances with local authorities	3,359	2,975	–	–
Balances with NHS bodies	–	–	–	–
Balances with public corporations and trading funds	–	13	–	–
Balances with bodies external to government	7,788	12,011	313	261
	13,767	18,052	313	261

20. PROVISIONS FOR LIABILITIES AND CHARGES

	Pension costs £000	Compensation payments £000	Other provisions £000	Total £000
Opening balance at 1 April 2014	238	240	53	531
Less net amount released during current year	(107)	(176)	–	(283)
Charge to current year income and expenditure	12	–	–	12
Closing balance at 31 March 2015	143	64	53	260

Analysis of expected timing of any resulting outflows of economic benefits

Payable in 1 year	57	64	53	174
Payable between 2-5 yrs	86	-	-	86
Payable between 6-10 yrs	-	-	-	-
At 31 March 2015	143	64	53	260

	Pension costs £000	Compensation payments £000	Other provisions £000	Total £000
Opening balance at 1 April 2013	381	147	169	697
Less net amount released during current year	(143)	(53)	(116)	(312)
Charge to current year income and expenditure	-	146	-	146
Closing balance at 31 March 2014	238	240	53	531

Analysis of expected timing of any resulting outflows of economic benefits

Payable in 1 year	106	240	53	399
Payable between 2-5 yrs	125	-	-	125
Payable between 6-10 yrs	7	-	-	7
At 31 March 2014	238	240	53	531

The provision for pension costs relates to the compensation element of the former Early Retirement Package payable to officers who were over the age of 50 but below the age of 60. On attaining the age of 60 the compensation element ceases.

Compensation payments relate to claims for accidents to staff of Historic Scotland and visitors to the monuments. They are estimated based on the information received about the progress of the claims and the likelihood of any potential liability. It is expected that final settlement of these claims will be made within 2015-16.

Other provisions relate to a dispute with a supplier. As at the 31 March 2015 the assessment of costs due to be paid by Historic Scotland is £53,000.

21. COMMITMENTS UNDER LEASES**Operating leases**

Total payments for operating leases in 2014-15 was £1,224,451. (2013-14: £1,266,226).

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

21. Commitments under leases cont.

	2014-15 £000	2013-14 £000
Obligations under operating leases for the following periods comprise:		
Buildings:		
Not later than one year	1,056	1,031
Later than one year and not later than five years	2,960	2,820
Later than five years	2,303	3,404
	6,319	7,255
Other:		
Not later than one year	4	4
Later than one year and not later than five years	2	3
	6	7

Finance leases

There are no finance leases in operation (31 March 2014: nil)

22. FINANCIAL INSTRUMENTS

As the cash requirements of the Agency are met through the Scottish Government budgeting process, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size. The majority of financial instruments relate to contracts to buy non-financial items in line with the Agency's expected purchase and usage requirements and the Agency is therefore exposed to little credit, liquidity or market risk.

23. CONTINGENT LIABILITIES

There were no material contingent liabilities at 31 March 2015. (31 March 2014: nil).

24. FINANCIAL COMMITMENTS

Historic Scotland is committed to expenditure resulting from works contracts and contractual agreements offered and entered into under the Historic Buildings Repair Grants Scheme prior to 31 March 2015. As at that date, these commitments totalled:

	2014-15 £000	2013-14 £000
Capital commitments due within one year	10,924	8,716
Due within two to five years inclusive	15,529	5,958
Due after five years	-	-
	26,453	14,674

24. Financial commitments cont.

Historic Scotland has also given indicative authorisations to 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 Historic Scotland faces. As at 31 March 2015, indicative authorisations totalled:

	2014-15 £000	2013-14 £000
Indicative authorisations	21,369	20,711

In addition to financial commitments under the Historic Buildings Repair Grants Scheme, the Agency has capital commitments in respect of building works on properties in its care. As at 31 March 2015, these commitments totalled:

	2014-15 £000	2013-14 £000
Capital commitments due within one year	5,949	782
Due within two to five years inclusive	2,049	–
Due after five years	–	–
	7,998	782

25. POST BALANCE SHEET EVENTS

There are no material post balance sheet events that require to be adjusted in the accounts or to be disclosed.

26. RELATED PARTY TRANSACTIONS

Historic Scotland is an executive Agency of the Scottish Government. During the year Historic Scotland had a number of transactions with other government departments and agencies.

During 2009-10 Historic Scotland entered into a Limited Liability Partnership with Glasgow School of Art to form The Centre for Digital Documentation and Visualisation (CDDV) LLP. CDDV will deliver the digital documentation of the five Scottish World Heritage sites and five international Heritage sites in a project known as the Scottish Ten as well as undertaking commercial projects.

During 2014-15 Historic Scotland set up a Joint SMT to foster closer contacts in the lead up to the Merger. During the year RCAHMS invoiced Historic Scotland for £244,279 for grants in relation to various projects.

In 2014-15 Historic Scotland invoiced CDDV LLP for £37,148 for services provided as part of the project, CDDV LLP invoiced the Agency for £251,200.87 for technical and expert services provided to the Agency.

27. LOSSES STATEMENT

Losses and special payments for the year total £89,347 (2013-14: £212,961).

There were no individual losses or special payments in excess of £300,000 which would require separate disclosure.

28. NOTIONAL CHARGES

The following notional expenditure charges have been included in the accounts:

	2014-15 £000	2013-14 £000
Departmental overhead	120	130
Auditor's remuneration	67	67
	187	197

A notional departmental overhead has been based on the usage of certain central services of the Scottish Government.

Auditor's remuneration is a notional charge, as notified to us by our auditor KPMG LLP, in respect of audit work carried out during 2014-15. No other services were supplied by KPMG LLP during the period ended 31 March 2015 (2013-14: nil).

29. SEGMENTAL ANALYSIS AS AT 31 MARCH 2015

All Historic Scotland operations are in the UK and are currently organised into the following operating divisions.

Policy – The group is responsible for leading on the Scottish Government's policy on the Historic Environment and contributing to other Scottish Government policy areas which impact on the historic environment.

During 2013-14 the Strategic Policy function transferred back to within the Scottish Government. This was as a result of the policy review and strategy development discussions.

Heritage Management – Heritage Management is responsible for protecting and providing advice on the management of the most important parts of Scotland's historic environment, including listed buildings, scheduled monuments, Battlefields, World Heritage Sites, wreck sites and gardens and designed landscapes.

Heritage Management fulfils statutory functions on behalf of Ministers to protect the historic environment and works with a range of stakeholders and other public bodies such as local authorities within the Scottish planning system.

29. Segmental Analysis as at 31 March 2015 cont.

Conservation – The aim of the Conservation Group is to promote better technical understanding and care of the built environment, and to inform and sustain the conservation, repair and maintenance of the built environment. This is achieved through undertaking technical and scientific research, supporting the perpetuation and understanding of traditional building skills, understanding and promoting the use and availability of traditional building materials, providing specialist technical and scientific advice, providing applied specialist conservation services and delivery of technical education and outreach activity. Conservation also directly manages the conservation and maintenance of Scottish Minister’s properties in care and their associated collections, and also the Palace of Holyrood House and Bute House, residence of the First Minister.

Commercial & Tourism – The group is responsible for the operation of 345 monuments and their associated collections, providing access to and understanding of the properties. The group also ensures that this nationally important collection plays its part in heritage tourism and celebrates Scottish identity to a wide range of audiences. Historic Scotland holds the properties on behalf of Scottish Ministers, most of these are free to visit but admission is charged at the 78 staffed sites.

Central Services – Provides support and communication for the Agency both internally and externally. It consists of the Chief Executive’s Group, Finance, Human Resources, Communications and Investments.

These divisions are the basis on which Historic Scotland monitors its operations and upon which decisions are made by the Senior Management Team. Transfers between these segments is at cost price.

	Heritage management	Conservation	Commercial & Tourism	Central Services Investments	Other	Total
	£000	£000	£000	£000	£000	£000
Commercial Income	–	–	38,187	–	–	38,187
Other Receipts	41	1,094	282	94	117	1,628
Total Income	41	1,094	38,469	94	117	39,815
Administration Costs	3,593	17,510	11,749	376	5,331	38,559
Programme Current	215	6,983	5,541	14,249	2,635	29,623
Heritage Capital	–	–	–	–	–	–
Operational Capital	–	579	1	–	230	810
Direct Costs of Sales	–	–	3,782	–	–	3,782
Depreciation	–	–	–	–	2,195	2,195
Bad Debts	–	–	–	–	3	3
Total Expenditure	3,808	25,072	21,073	14,625	10,394	74,972
Net Operating Cost before Scottish Government funding as at 31 March 2015	(3,767)	(23,978)	17,396	(14,531)	(10,277)	(35,157)

Reconciliations of the total segment measures to respective items included in the financial statements are as follows:

	Note	Total £000
Segmental total Income		39,815
Donated Asset Income – Stirling Tapestries		–
Recharged Expense coded to other income		–
Total Income as per Statement of Comprehensive Net Expenditure		39,815
Segmental total expenditure		74,972
Notional Charges	28	187
Additions to Property, plant and equipment and intangibles		(931)
Recharged expense in Suspense Account		(101)
Total Expenditure as per Statement of Comprehensive Net Expenditure		74,127
Net Operating Cost before Scottish Government funding as at 31 March 2015		(34,312)

	Policy	Heritage management	Conservation	Commercial & Tourism	Central Services Investments	Other	Total
		£000	£000	£000	£000	£000	£000
Commercial Income	–	–	–	36,337	–	–	36,337
Other Receipts	–	98	1,263	216	128	152	1,857
Total Income	–	98	1,263	36,553	128	152	38,194
Administration Costs	353	3,482	17,849	11,641	363	5,655	39,343
Programme Current	8	321	7,723	6,086	17,273	2,680	34,091
Heritage Capital	–	–	(1)	15	–	–	14
Operational Capital	–	–	890	110	–	248	1,248
Direct Costs of Sales	–	–	–	3,558	–	–	3,558
Depreciation	–	–	–	–	–	2,105	2,105
Bad Debts	–	–	–	–	–	27	27
Total Expenditure	361	3,803	26,461	21,410	17,636	10,715	80,386
Net Operating Cost before Scottish Government funding as at 31 March 2015	(361)	(3,705)	(25,198)	15,143	(17,508)	(10,563)	(42,192)

Reconciliations of the total segment measures to respective items included in the financial statements are as follows:

	Note	Total £000
Segmental total Income		38,194
Donated Asset Income – Stirling Tapestries		–
Recharged Expense coded to other income		–
Total Income as per Statement of Comprehensive Net Expenditure		38,194
Segmental total expenditure		80,386
Notional Charges	28	197
Additions to Property, plant and equipment and intangibles		(1503)
Recharged expense in other income		–
Total Expenditure as per Statement of Comprehensive Net Expenditure		79,080
Net Operating Cost before Scottish Government funding as at 31 March 2014		(40,886)

30. FURTHER INFORMATION ON THE AGENCY'S HERITAGE ASSETS

Historic Scotland is an Executive Agency of the Scottish Government and we are charged with safeguarding the nation's historic environment and promoting its understanding and enjoyment on behalf of Scottish Ministers.

Historic Scotland is responsible for 345 archaeological sites and historic monuments across Scotland. The majority of these are treated as non-operational heritage assets in that they are held primarily for the maintenance of the nation's heritage. Non-operational assets are not valued and are therefore not included in the accounts. Assets treated as non-operational fall within the following categories:

Crown Properties

There are thirty five Crown properties of which eight are buildings in good condition with the structure essentially complete. Examples within this category include:

Edinburgh Castle, Stirling Castle, Argyll's Lodging, Blackness Castle, Linlithgow Palace, Fort Charlotte, Dunblane Cathedral and Glasgow Cathedral.

Other Properties

The remaining properties include archaeological field monuments of all periods, ruined castles, abbeys, churches and industrial sites. Examples within this category include:

Maeshowe, Melrose Abbey, Stanley Mills, Skara Brae and Urquhart Castle.

Many of the properties that are cared for by Historic Scotland are not owned by Scottish Ministers but held under guardianship arrangements. Title to the property remains with the original owner while management control of the site rests with Historic Scotland.

30. Further information on the Agency's Heritage Assets cont.

A full list of Crown and other properties including opening times can be found at Historic Scotland's website: <http://www.historic-scotland.gov.uk/index/places.htm>.

Collections

The Collections Unit within the Conservation Group is responsible for historic objects and archaeological artefacts held permanently or temporarily by Historic Scotland, particularly those at properties in the care of Scottish Ministers.

The Unit looks after varied collections of national and international cultural significance at over 140 sites dispersed across Scotland. These collections range from simple Neolithic bone implements, Pictish symbol stones and ornate medieval architectural carved stones to fine 19th century oil paintings by renowned artists such as Henry Raeburn.

Conservation and Management

Crown properties & other properties

Historic Scotland is responsible for looking after 345 of the most important and inspirational places in Scotland. Sites are managed on behalf of Scottish Ministers and for the wider benefit of people living in and visiting Scotland. Further details on conservation and access can be found in the Scottish Historic Environment Policy – December 2011 (weblink below), which also outlines the procedure for taking properties into state care.

<http://www.historic-scotland.gov.uk/index/heritage/policy/shep.htm>

As well as undertaking extensive conservation and maintenance work on all monuments, Historic Scotland is responsible for opening them to the public, aiming to ensure all visitors leave the sites with enhanced appreciation, knowledge and understanding of the role these sites have played in Scottish history and their importance in our contemporary society. This is achieved through the work of our Commercial & Tourism branches; Conservation; Visitor Services and Business Development, and finally Major Projects.

While all of these branches have individual responsibilities and targets, the work undertaken in one will affect another's aims to promote co-ordinated planning and philosophy throughout the Agency.

A business plan was drawn up to outline how we intend to fulfil our responsibilities over the next year, with a wider outlook over the next five years. It records how we aim to meet the targets listed in the Historic Scotland Corporate Plan and help those interested in Properties in Care to understand the direction in which we are moving.

The Business Plan is available here:

<http://www.historic-scotland.gov.uk/pic-business-plan.pdf>

Collections

Collection Managers for each region conduct regular site visits liaising with regional and site based colleagues to ensure that high standards of care are achieved and maintained.

Meticulous documentation is held site-by-site of all the collections at our properties and the control of movement of objects is a core part of the Collection Registrar's job. These records are maintained on the Collection database that currently contains details on over 29,000 objects, which is reviewed and updated annually.

Acquisitions, donations and disposals to the collections are only made if the item(s) under consideration meet the criteria set out in Historic Scotland's operational policy.

<http://www.historic-scotland.gov.uk/acquisition-and-disposal-of-collections.pdf>



HISTORIC SCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS

in accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000

1. The statement of accounts for the financial year ended 31 March 2006 and subsequent years shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) 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, recognised gains and losses, 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. The direction given on 29 March 2001 is hereby revoked.

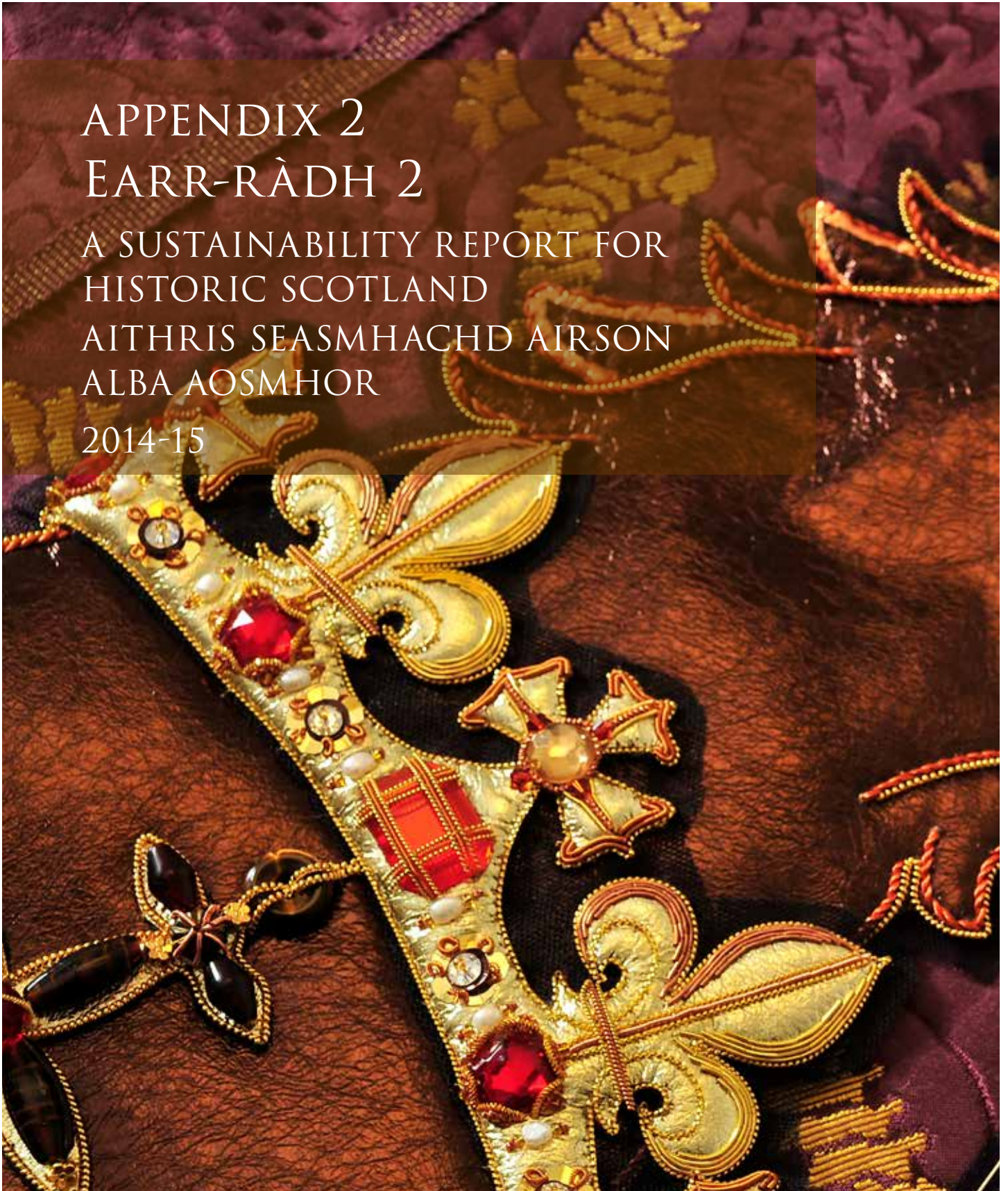
A handwritten signature in blue ink, which appears to be 'Alison Sturgeon'.

Signed by the authority of the Scottish Ministers

Dated 17 January 2006

APPENDIX 2 EARR-RÀDH 2

A SUSTAINABILITY REPORT FOR
HISTORIC SCOTLAND
AITHRIS SEASMHACHD AIRSON
ALBA AOSMHOR
2014-15



Detail of the coat of arms which has been embroidered as part of the Stirling Palace Project, Glasgow Caledonian University.

INTRODUCTION

In a powerful drive towards a low carbon economy, the Scottish Government has set world leading climate change targets: to slash Scotland's carbon emissions by 80% by 2050, with an interim reduction of 42% by 2020. These targets present Scotland with significant social and economic opportunities, as well as challenges, and will require a range of actions across society and the economy.

This sustainability report has been prepared in accordance with Scottish Government guidelines and highlights Historic Scotland's high level performance for financial year 2014-15 in a number of key areas: greenhouse gas (GHG) emissions, energy, waste management, business travel, water consumption, action on biodiversity, sustainable procurement and adaptation. The purpose of this reporting is to improve performance management in relation to sustainability, through greater accountability and transparency.

Since 2010, Historic Scotland has made a considerable effort to reduce its operational GHG emissions. Our *Carbon Management Plan*, published in 2011, set an ambitious target to reduce these emissions by 25% (against a baseline year of 2008-09) by April 2015. This Plan has now expired making this Sustainability Report the final report against our stated target.

Some adjustments have been made to the historic data contained within this report, when compared with the data contained in previous reports. This has occurred where errors have been found, or where more accurate data has been obtained following publication.

Schoolchildren taking part in a Traditional Building Skills event as part of Scottish Apprentice Week at Glasgow Cathedral.



2014-15 PERFORMANCE SUMMARY

Area	Actual Performance	Target	Status
Total GHG Emissions	8,431 tCO ₂ e	-25%	-17%
Total Energy Consumption	17,167,130 kWh	-9.5%	-18%
Total Waste Disposal	1,206 tonnes		
Recycle Rate	58%		
Total Water Consumption	57,449m ³		
Total Energy Expenditure	£1,312,506		
CRC Expenditure	£84,571		
Total Waste Expenditure	£155,630		
Total Business Travel Expenditure	£517,708		
Total Water Expenditure	£141,199		

FUTURE CHANGES TO PUBLIC SECTOR SUSTAINABILITY REPORTING

Since 2011-12, Historic Scotland has voluntarily published an annual sustainability report, following best practice guidance issued by Scottish Ministers.

Part 4 of the Climate Change (Scotland) Act 2009 stipulates that Scottish Ministers may set reporting requirements on selected public bodies and, in early 2015, Scottish Ministers chose to use this power. The Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Order 2015 introduces mandatory reporting requirements for all major player public organisations. This means that from financial year 2015-16, Historic Scotland (as Historic Environment Scotland) will be required, by law, to produce an annual sustainability/climate change report.

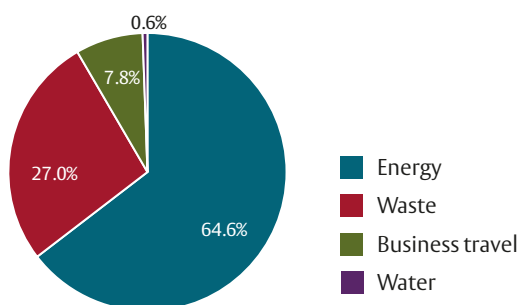
In order to consolidate and standardise data and improve reporting consistency, standard templates have been created for each segment of the public sector (e.g. non-departmental public bodies, NHS, local authorities, etc.). These templates will be tested for the 2014-15 reporting year before going live in 2015-16. Historic Scotland has been intimately involved in the development of these templates through its representation on the Scottish Government's Climate Leaders Officers Group and close relationship with the Sustainable Scotland Network. This, and Historic Scotland's previous experience in sustainability reporting, has set the organisation in a good position to adopt these new statutory requirements.

We will continue to publish a high-level sustainability report within our Annual Report & Accounts.

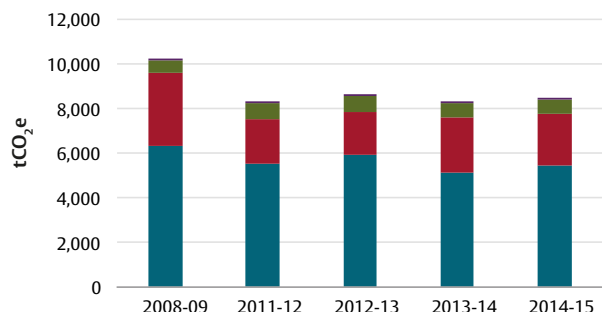
GHG EMISSIONS OVERVIEW		2008-09	2011-12	2012-13	2013-14	2014-15	Change
GHG emissions (tCO ₂ e)	Grand total	10,176	8,276	8,588	8,317	8,431	-17%
	Energy	6,317	5,535	5,902	5,092	5,445	-14%
	Waste	3,263	1,999	1,968	2,533	2,277	-30%
	Business travel	547	693	668	648	662	21%
	Water	49	49	50	45	47	-3%

GRAPHICAL ANALYSIS

2014-15 CARBON FOOTPRINT



ANNUAL CARBON PERFORMANCE



TARGETS AND COMMENTARY

Historic Scotland’s Carbon Management Plan sets an ambitious target to reduce operational GHG emissions by 25% by April 2015, against a baseline year of 2008-09. This was to be achieved by reducing the carbon emissions associated with energy use in our buildings, waste generation, business travel and water consumption. This plan has now expired, meaning the data reported here for 2014-15 represents the final result against this target.

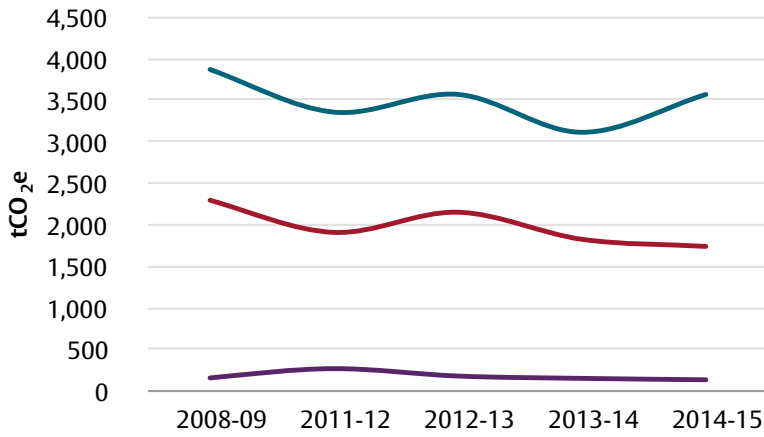
During 2014-15, Historic Scotland achieved an overall reduction in GHG emissions of 17% against the baseline year. This consists of a 14% reduction in energy emissions, a 30% reduction in waste emissions, a 21% increase in business travel emissions and a 3% reduction in water emissions.

	ENERGY	2008-09	2011-12	2012-13	2013-14	2014-15	Change
GHG emissions (tCO₂e)	Electricity	3,863	3,357	3,570	3,114	3,569	-8%
	Natural gas	2,283	1,909	2,152	1,826	1,740	-24%
	Other fuels	171	269	180	152	135	-21%
Actual Consumption (kWh)	Total Energy	20,876,906	18,911,128	20,098,336	17,534,663	17,167,130	-18%
	Electricity	7,787,221	7,425,676	7,760,354	6,990,145	7,221,669	-7%
	Natural gas	12,342,571	10,398,443	11,618,945	9,921,750	9,409,112	-24%
	Other fuels	747,114	1,087,009	719,037	622,768	536,349	-28%
Financial Indicators	Total Energy	£1,551,671	£1,251,390	£1,509,204	£1,407,086	£1,312,506	-15%
	Electricity	£1,039,079	£798,364	£1,001,574	£983,323	£922,463	-11%
	Natural gas	£412,048	£365,255	£434,177	£371,542	£356,444	-13%
	Other fuels	£100,543	£87,771	£73,453	£52,221	£33,599	-67%
	CRC Energy Efficiency Scheme		£61,517	£73,570	£64,766	£84,571	N/A
	3rd party re-charge: Electricity	-£96,588	-£122,329	-£131,564	-£94,964	-£98,217	2%
	3rd party re-charge: Natural gas	-£85,691	-£44,958	-£76,675	-£82,251	-£60,964	-29%

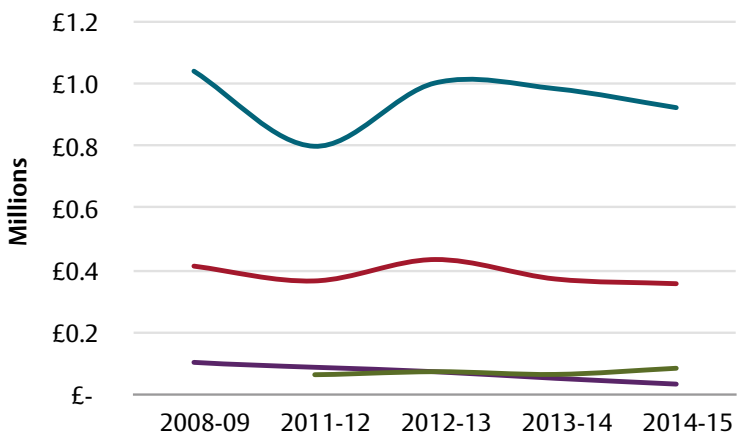
ENERGY continued.

GRAPHICAL ANALYSIS

GHG EMISSIONS: ENERGY



EXPENDITURE: ENERGY



- Electricity
- Natural gas
- Other fuels
- CRC

TARGETS AND COMMENTARY

Energy use in our buildings represents 65% of our overall carbon footprint. In 2014-15, Historic Scotland set a Key Performance Target (KPT) to reduce energy consumption by 9.5%, against a baseline year of 2008-09.

The data shown above demonstrates that Historic Scotland has exceeded this KPT, reducing total energy consumption by 18%. This can be broken down as follows: a 7% reduction in electricity consumption, a 24% reduction in natural gas consumption and a 28% reduction in other fuels (i.e. burning oil, LPG and gas oil). These reductions can be attributed to the ongoing fabric and technological improvements throughout the HS estate, the continued roll-out of Climate Change Awareness Training to staff members, and mild weather.

Financially, Historic Scotland has reduced its total energy spend by 15%. Spend on the CRC Energy Efficiency Scheme is 31% higher than the previous year. This can be attributed to two factors: 1) significant changes to the Defra carbon conversion factor resulted in a net increase of carbon emissions from electricity; and 2) a price increase per tonne of carbon, from £12 to £15.60 (forecast sale) and £16.40 (buy-to-comply sale).

DIRECT BUSINESS IMPACTS

The greatest impacts arise from electricity and natural gas consumption in our buildings. Historic Scotland continues to roll-out technical improvements to our estate as outlined in our Carbon Management Plan. Reducing our energy consumption plays a pivotal role in meeting our carbon targets. It also produces cost savings, in terms of both direct energy costs and the CRC Energy Efficiency Scheme.

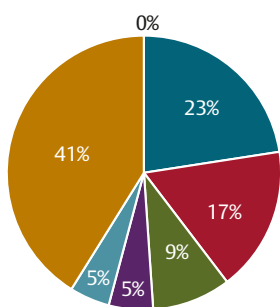
INDIRECT BUSINESS IMPACTS

Reducing energy consumption across our large and technically challenging estate plays a role in meeting national climate change targets. Also, through our range of publications, borne from technical research and our own experiences, Historic Scotland continues to disseminate information to a range of audiences on improving energy efficiency in traditional and historic buildings.

	WASTE	2008-09	2011-12	2012-13	2013-14	2014-15	Change
GHG emissions (tCO ₂ e)	Total waste	3,263	1,999	1,968	2,533	2,277	-30%
	Total arising	3,477	2,222	2,313	2,866	2,874	-17%
	Landfill	294	149	70	142	94	-68%
	Recycled/re-used	-508	-372	-149	-229	-197	-61%
	Energy from waste	0	-11	-21	-43	-40	N/A
	Construction landfill	0	11	62	40	20	N/A
	Construction recycled	0	0	-308	-243	-474	N/A
Actual output (tonnes)	Total waste	1,383	924	1,003	1,212	1,206	-13%
	Landfill	851	432	204	409	272	-68%
	Recycled/re-used	532	390	157	240	206	-61%
	Energy from waste	0	31	58	121	112	N/A
	Composted	0	40	83	72	63	N/A
	Construction landfill	0	31	180	116	57	N/A
	Construction recycled	0	0	322	254	496	N/A
	Hazardous waste	0	0	0	0	0	N/A
Financial Indicators	Total waste disposal	£191,392	£127,871	£134,760	£111,505	£155,630	-19%
	Non-hazardous waste	£191,392	£127,871	£134,760	£111,505	£155,630	-19%
	Hazardous waste	£-	£-	£-	£-	£-	N/A

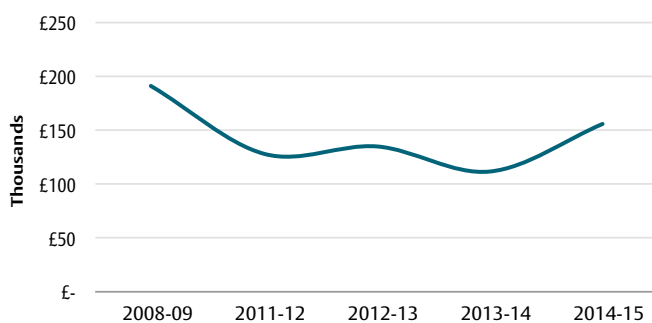
GRAPHICAL ANALYSIS

WASTE COMPOSITION



- Landfill
- Recycled/re-used
- Energy from waste
- Composted
- Construction landfill
- Construction recycled
- Hazardous waste

EXPENDITURE: WASTE DISPOSAL



TARGETS AND COMMENTARY

Waste represents around 27% of our overall carbon footprint. Historic Scotland has not set any specific waste reduction targets. However, our Carbon Management Plan does include waste in its overall target to reduce operational GHG emissions.

Our Waste Prevention and Reuse Plan, published in 2013, highlights a number of opportunities and objectives to reduce waste from our operations. Work during 2014-15 included realigning our waste budget codes to better monitor spend; the delivery of Waste Smart Training to a number of staff members responsible for the management of waste on our sites; the sale of reusable cups in our headquarters café to reduce the number of disposable cups sent to landfill; and the commencement of a visitor waste recycling pilot at Linlithgow Palace and Stirling Castle to introduce recycling facilities to our visitors.

The data above shows an overall reduction of 13% in waste tonnage against our baseline year. It is important to note the improvement in data quality, resulting in a greater ability to demonstrate the segregation of waste. Overall, Historic Scotland has a recycle rate of approximately 58%. This is a great improvement on last year (41%) but there is still plenty of work to be done.

In previous reports, financial data for the baseline year were not included due to a lack of good quality data. For this report, an estimate has been made based on the total waste tonnage for 2008-09 multiplied by the cost per tonne for 2011-12 (i.e. the first year of known data). Whilst this is not a perfect methodology, it does provide a baseline against which to measure. Financial indicators demonstrate a cost reduction of 19% against the estimated baseline costs.

DIRECT BUSINESS IMPACTS

Historic Scotland produces a large amount of waste through a number of different operations, such as visitors, offices and construction. The organisation produces waste at approximately 150 sites, with collections from over 40 contractors. Reducing our waste output, diverting the remainder from landfill and streamlining our waste management has the potential to significantly reduce the Agency's environmental impact and deliver both financial and management efficiencies.

INDIRECT BUSINESS IMPACTS

Historic Scotland is able to place certain requirements on waste and other (e.g. catering, landscaping, etc.) contractors in terms of waste disposal performance. The Agency is also in a position to influence visitors and staff members through the provision of recycling facilities and visible signage at our sites.

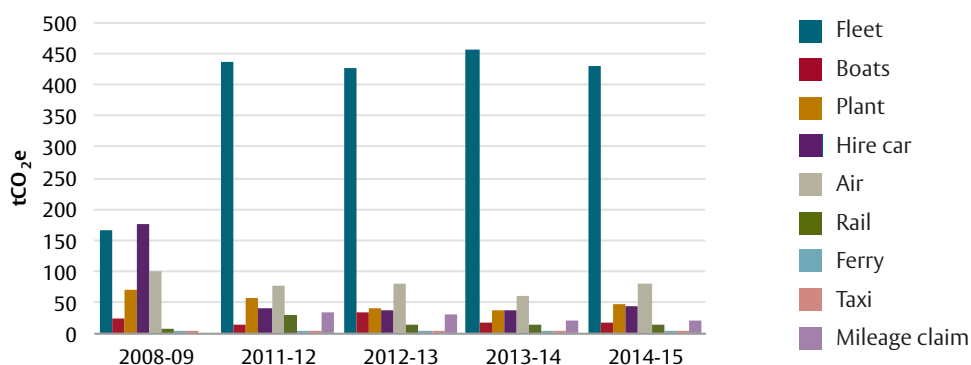
GHG emissions (tCO₂e)

Financial indicators

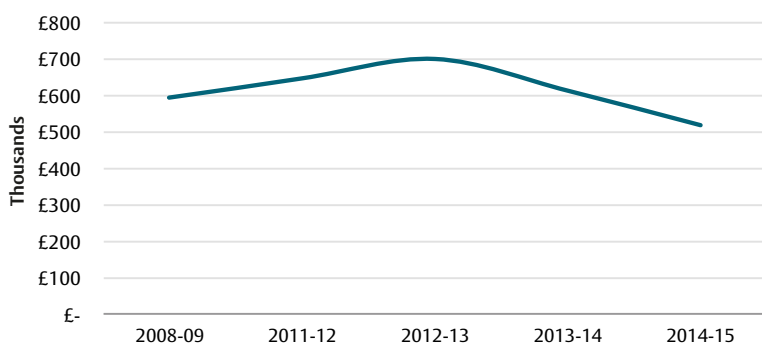
BUSINESS TRAVEL	2008-09	2011-12	2012-13	2013-14	2014-15	Change
Total business travel	547	693	668	648	662	21%
Fleet	167	436	426	456	431	159%
Boats	24	14	33	17	18	-27%
Plant	72	59	42	36	47	-35%
Hire car	175	40	37	37	44	-75%
Air	99	79	81	61	80	-19%
Rail	7	30	14	14	16	129%
Ferry	1	0	1	2	2	143%
Taxi	2	2	3	4	4	94%
Mileage claim	0	33	30	21	20	N/A
Total business travel	£592,525	£646,435	£699,440	£612,354	£517,708	-13%

GRAPHICAL ANALYSIS

GHG EMISSIONS: BUSINESS TRAVEL



EXPENDITURE: BUSINESS TRAVEL



TARGETS AND COMMENTARY

Business travel represents 8% of our overall carbon footprint. Historic Scotland has not set any specific business travel reduction targets, but our Carbon Management Plan does include this in its overall target to reduce operational GHG emissions.

Historic Scotland is a large and geographically spread organisation with a range of business functions and staff travel is essential to carry out day to day business objectives. In many circumstances, our operations may require us to travel outwith Scotland, to other parts of the UK or abroad. During 2014-15, Historic Scotland has worked on a number of measures to reduce emissions from business travel. These include gaining approval from our Senior Management Team to introduce a new Travel Policy in early 2015-16; the purchase of our first electric pool car; and the launch of a new initiative to reduce taxi expenditure by 50%. These measures occurred late in 2014-15, so it is too early to accurately report on their impact. However, we look forward to reporting on progress in 2015-16.

Overall, business travel emissions have increased by 21% when compared with the baseline year. Emissions from our fleet has shown improvement since 2013-14, though still sits 159% above baseline. This is likely to be due to considerable improvements in data quality during recent years. Emissions from hire cars and air travel show a 75% and 19% reduction against baseline respectively, though both are up from the previous year. The increase in air travel emissions is a result of more international travel.

Business travel expenditure has reduced by 13% against the baseline year, indicating that staff are opting for more cost efficient methods of transport.

DIRECT BUSINESS IMPACTS

Reducing staff travel will help to reduce Historic Scotland's carbon footprint, though this is a relatively small proportion of our overall emissions compared to energy or waste. The greatest impacts will be a reduction in both direct and indirect costs. Encouraging employees to choose healthier forms of travel, such as walking or cycling, can help to improve staff well-being and increase productivity.

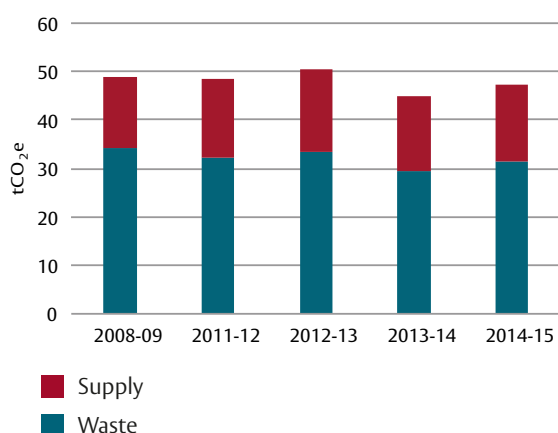
INDIRECT BUSINESS IMPACTS

Reducing emissions from business travel will play a part towards achieving national climate change targets and demonstrating exemplary behaviours. Historic Scotland is also in a position to influence staff members, third party organisations and visitors in choosing more sustainable forms of transport.

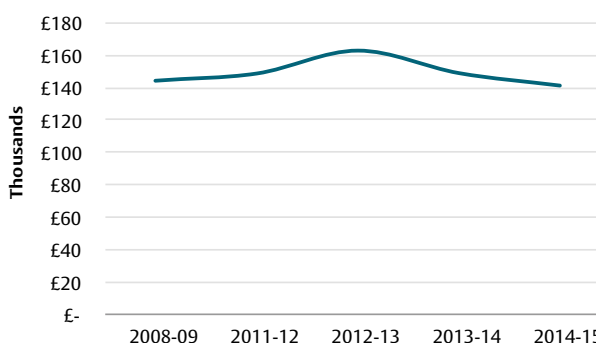
WATER		2008-09	2011-12	2012-13	2013-14	2014-15	Change
GHG emissions (tCO ₂ e)	Total water emissions	49	49	50	45	47	-3%
	Supply	14	16	17	15	16	10%
	Waste	34	32	33	30	31	-9%
Actual Consumption (m ³)	Metered supplies	48,189	48,325	49,485	43,962	46,401	-4%
	Unmetered supplies (estimate)	9,760	10,608	10,997	10,064	11,048	13%
Financial Indicators	Water supply	£144,467	£148,655	£162,793	£148,910	£141,199	-2%
	3rd party re-charge: Water	£-	£-6,046	£-32,900	£-17,781	£-34,225	N/A

GRAPHICAL ANALYSIS

GHG EMISSIONS: WATER



EXPENDITURE: WATER



TARGETS AND COMMENTARY

Water represents less than 1% of our overall carbon footprint. Historic Scotland has not set any specific water reduction targets but our Carbon Management Plan does include this in its overall target to reduce operational GHG emissions.

The data demonstrates that metered water consumption has reduced by 4% when compared with the baseline year. Because water emissions form a small proportion of Historic Scotland’s carbon footprint we have not prioritised water efficiency to the same level as energy and waste.

Water expenditure has decreased by 2%.

DIRECT BUSINESS IMPACTS

Reducing water consumption across Historic Scotland’s estate would help to reduce costs and carbon emissions. However, given the small proportion that water consumption represents, this must be carefully considered on a cost/benefit basis.

INDIRECT BUSINESS IMPACTS

The processing, pumping and sanitation of fresh water is an energy intensive process, contributing 1% to the UK’s national CO₂ emissions. Reducing water consumption and improving efficiency can play a vital role in meeting national targets.

BIODIVERSITY

TARGETS AND COMMENTARY

During 2014-15, our Ranger Service have undertaken a number of activities to promote and support biodiversity. These include:

- Raising awareness through interpretation, community talks, conservation task groups, walks, attendance at county and local shows, and use of social media channels, radio and TV reports;
- Providing advice, guidance and assistance to colleagues on specific species or habitats e.g. bats, nesting birds, grasslands, waterways, etc.;
- Working with volunteer rangers and conservation surveyors to undertake 75 surveys for 10 species within Holyrood Park;
- Contributing towards Local Biodiversity Action Plans and working with partners on their future development;
- Joint resourcing activities with external organisations and charities to improve research of rare species on some of our sites;
- Working with communities and schools on specific projects providing resources such as bark chip, wildflowers grown on in our Holyrood Palace greenhouses or gardens, felled tree trunks or limbs, etc.
- Helping communities to achieve local and nationally recognised awards e.g. 'Bag the Bruck', Scotland in Bloom, Britain in Bloom, Entente Florale;
- Making changes to grassland cutting regimes on our sites and Parks.

DIRECT BUSINESS IMPACTS

Through improved biodiversity, Historic Scotland has an opportunity to enhance visitor experience at sites, through public engagement. This provides strong reputational and revenue drivers, to ensure the Agency can continue to safeguard the historic environment for generations to come.

INDIRECT BUSINESS IMPACTS

Protection and promotion of biodiversity will not only play an important role in enhancing Historic Scotland sites, but will also safeguard native species. Through interpretive media, the Agency's public outreach will help to raise awareness and carry this important message to both national and international communities.

SUSTAINABLE PROCUREMENT

TARGETS AND COMMENTARY

Historic Scotland, VisitScotland and the National Trust for Scotland continue to engage with existing and potential suppliers, advising them on procurement systems and the Quick Quote process on Public Contracts Scotland. This takes the form of half-day sessions where suppliers come along to hear of potential opportunities for working with us, and encourages suppliers to get in touch with our business areas to identify opportunities. This has focussed on small and medium-sized enterprises (SME), and feedback has shown that many suppliers were previously unaware of the wide range of Historic Scotland's activities particularly with regard to retail opportunities.

In line with best practice guidance, we have included the evaluation of employment practices and 'workforce matters' in the pre-selection documents for larger projects. This is seen as a key driver of service quality and contract delivery.

Historic Scotland uses 'Sustainability Tests' for larger contracts to ensure that we build sustainable criteria into the specification of the product/services where possible and also link this to evaluation criteria. We have also been involved in the development of Sustainable Procurement Tools currently being constructed by the Scottish Government in response to the sustainable procurement duty included in the Procurement Reform (Scotland) Act 2014.

We have also been promoting the use of Supported Businesses and related organisations within Historic Scotland with the result that our Retail team sell products from businesses who have a social and environmental purpose and those who are committed to giving people with disabilities the opportunity to be involved in a work environment.

Historic Scotland included a requirement in a recent major project for the successful bidder to incorporate a number of areas, including maximising the skills and training outcomes from its projects, with Skills and Training Key Performance Indicators to monitor progress; consideration in the use of social enterprise organisations in the delivery of requirements and engaging with the local community by means of Community-Based Activities, centred around alleviating the effects of living in poverty including social isolation and poor health; a positive approach to workforce-related matters as part of a fair and equitable employment and reward package.

DIRECT BUSINESS IMPACTS

Through sustainable procurement, Historic Scotland has an opportunity to act as an exemplar in supporting local communities, jobs and skills. With effective management, this will provide many reputational benefits.

INDIRECT BUSINESS IMPACTS

The use of sustainability criteria in the tender evaluation process creates a demand for sustainable business, promoting wider competition and encouraging businesses to be more socially and environmentally responsible in providing their services. Through sustainable procurement and with our wide geographical coverage, Historic Scotland can assist in supporting local skills and jobs, subject to the overarching Procurement Regulations requirements.

CLIMATE CHANGE ADAPTATION

In May 2014, the Scottish Government published “Climate Ready Scotland: Scottish Climate Change Adaptation Programme”, which sets out the government’s aims over the next five years to prepare Scotland for climate change. In this, Historic Scotland has been mandated to research the impacts of climate change on traditional buildings, disseminate knowledge, skills and tools to manage these, and work to increase the resilience of Scotland’s built heritage and historic environment. These objectives will be a focus for Historic Scotland over the coming years, and annual progress will be reported here.

The impacts of climate change on the historic environment are wide ranging and potentially devastating. However, the climate change agenda is a significant opportunity for the historic environment sector. By recognising its inherent sustainability, its resilience and longevity, and acknowledging the fact that it has always changed over time, the historic environment should be in a positive position to deal with the challenges ahead.

Our technical research, often carried out in partnership with others, has been disseminated through events, training and publications, including “Towards a Sustainable Historic Environment: Historic Scotland’s Energy Efficiency Conference 2014” (September 2014), a seminar on “Hygrothermal assessment and simulation in building conservation and retrofit” (February 2015) and our new INFORM guide on Flood Damage to Traditional Buildings (published September 2014). Our “Technical Paper 23: Thermal Assessment of Internal Shutters and Window Film” was published

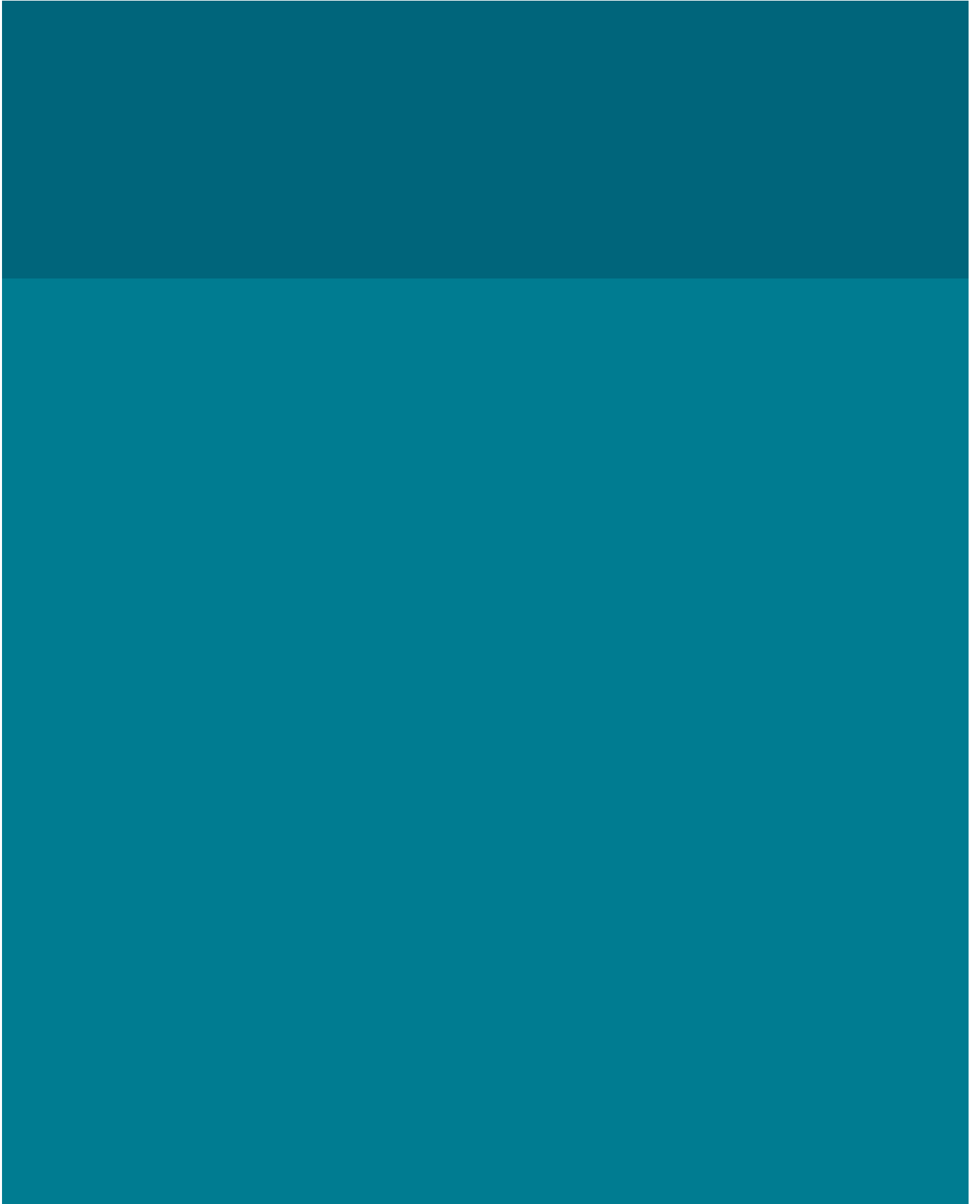
in September 2014 and “Refurbishment Case Study 14: Wauchope Mausoleum, Edinburgh - Interim Roofing Repairs” was published in October 2014. Our ongoing work on traditional skills, notably the apprenticeship scheme and the development of the Engine Shed, is also key to improving the resilience of traditional buildings.

We have begun a project with British Geological Survey, to identify climate change impacts and vulnerabilities on the Historic Scotland estate. As a first step, relevant datasets were collated by April 2015.

We have worked with Adaptation Scotland and key agencies on developing visualisations of adapted communities; the Climate Ready Places website will launch in 2015-16. We also joined the steering committee for Scottish Government’s National Coastal Change Assessment, a major policy-driven inter-agency research project collating information on coastal change, resilience and susceptibility to future coastal erosion.

Historic Scotland grant aids the work of SCAPE (Scottish Coastal Archaeology and the Problem of Coastal Erosion), most recently SCHARP (Scotland’s Coastal Heritage at Risk Project), enabling a deep understanding of the impact of coastal erosion on archaeology. At the British Archaeology Awards in July 2014, SCHARP won the award for Best Community Archaeology Project and the ShoreUPDATE app and website won in the Best Innovation category.

We are coordinating the development of new guidance on conversion of traditional buildings, in conjunction with Scottish Government’s Building Standards Directorate, updated to include climate change impacts.





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