

Public Audit Committee  
Wednesday 4 February 2026  
5th Meeting, 2026 (Session 6)

## The 2024/25 audit of Historic Environment Scotland

### Introduction

1. At its meeting today, the Public Audit Committee will take evidence from Historic Environment Scotland and the Scottish Government on the Auditor General for Scotland (AGS) section 22 report, [The 2024/25 audit of Historic Environment Scotland](#), which was published on 16 December 2025.
2. The Committee previously took evidence from the AGS at its meeting on 14 January 2026. The Official Report of the meeting can be found on the [Committee's webpage](#).
3. The Cabinet Secretary for Constitution, External Affairs and Culture provided the Constitution, Europe, External Affairs and Culture (CEEAC) Committee with a timeline of events relating to the absence of the Chief Executive / Accountable Officer. This can be [found on the CEEAC Committee's webpage](#).
4. A copy of section 22 report can be found at **Annexe A**.
5. The AGS provided follow up information on potential fines for data breaches and clarification on a matter relating to the Scottish Public Finance Manual. A copy of the letter can be found at **Annexe B**.
6. The Committee will decide any further action it wishes to take following the evidence session today.

Clerks to the Committee  
January 2026

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The 2024/25 audit of

# Historic Environment Scotland



AUDITOR GENERAL 

Prepared for the Public Audit Committee by the Auditor General for Scotland  
Made under section 22 of the Public Finance and Accountability (Scotland) Act 2000  
December 2025

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# Contents

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Key messages	3
Introduction	4
The 2024/25 audit of Historic Environment Scotland	5
Conclusion	10
Appendix	11

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# Key messages

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- 1 Historic Environment Scotland operated without an Accountable Officer for almost six months. The Scottish Government should have appointed a substitute Accountable Officer to provide the necessary leadership and accountability for financial regularity and propriety, and the economic, efficient, and effective use of resources.
  - 2 Historic Environment Scotland is navigating a period of significant instability and challenge, with a number of staff-related matters that need to be resolved. This includes allegations of a toxic workplace culture which need to be fully investigated and addressed.
  - 3 There are unacceptable weaknesses in the governance arrangements, which point to a culture of non-compliance. It is critical that strong controls are in place to prevent the risk of fraud and demonstrate that value for money is being achieved.
  - 4 Significant capital projects must be subject to appropriate scrutiny, with decisions based on appropriate evidence and clearly recorded. Lessons must be learned from the cancelled Archive House project to ensure that future plans are robust, deliverable and represent value for money.
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# Introduction

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**1.** I have received the audited annual report and accounts including the independent auditor's report for Historic Environment Scotland for 2024/25. I am submitting these accounts and auditor's report under section 22(4) of the Public Finance and Accountability (Scotland) Act 2000, together with this report that I have prepared under section 22(3) of the Act.

**2.** The auditor issued unqualified opinions on the annual report and accounts of Historic Environment Scotland for 2024/25. My report brings to the Scottish Parliament's attention weaknesses in governance and financial management arrangements identified by the appointed auditor. I am concerned that Historic Environment Scotland operated without an Accountable Officer for an extended period and that the wider leadership instability is impacting on its culture and operation.

## Background

**3.** Historic Environment Scotland is the lead public body established to investigate, care for and promote Scotland's historic environment. It manages over 300 historic properties of national importance attracting millions of visitors annually. It is also responsible for significant collections including millions of drawings, manuscripts, and images of Scotland.

**4.** During 2024/25, Historic Environment Scotland employed just over 1,600 permanent staff and incurred expenditure of £142.3 million. It received total income of £144.6 million during the year, comprised of £69.3 million of government grants, £53.1 million from charitable activities and £22.2 million from trading, donations and legacies and other income. This resulted in net income of just over £2.3 million for the year ended 31 March 2025.

**5.** As a non-departmental public body with charitable status, Historic Environment Scotland is supported by a sponsor team in the Scottish Government's Directorate for Culture and External Affairs.

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# The 2024/25 audit of Historic Environment Scotland

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## **Historic Environment Scotland operated for an extended period without an Accountable Officer which is inconsistent with the requirements of the Scottish Public Finance Manual**

**6.** Historic Environment Scotland operated without a Chief Executive or Accountable Officer for almost six months, between 2 May 2025 and 20 October 2025. In line with the Scottish Public Finance Manual, if it becomes clear that the Accountable Officer will not be able to discharge their duties for a period of four or more weeks, then the Principal Accountable Officer should be notified to enable a substitute Accountable Officer to be appointed.

**7.** The Scottish Government was notified of the absence on 28 May 2025. Historic Environment Scotland put in place interim arrangements with the Duty Director, determined by a rota, deputising for the Chief Executive. The auditor has reported that this placed additional demands on individual directors.

**8.** Despite ongoing engagement between board members and the Scottish Government sponsor team on potential solutions for an interim Chief Executive and Accountable Officer, this critical role was not filled.

**9.** The unaudited annual report and accounts and associated working papers were provided to the audit team in June 2025 in accordance with the agreed audit timeline. The audit progressed as planned, however, it could not conclude without an Accountable Officer being in place. The Accountable Officer returned to work in a limited capacity from 20 October 2025 to enable the annual report and accounts to be laid before Parliament in line with the statutory deadline of 31 December 2025.

**10.** It is unacceptable that Historic Environment Scotland operated without an Accountable Officer for this length of time. The Scottish Government should have appointed a substitute Accountable Officer, in accordance with the Scottish Public Finance Manual, to provide the necessary leadership and accountability for financial regularity and propriety and the economic, efficient, and effective use of resources.

## Historic Environment Scotland is navigating a period of significant instability and challenge

**11.** There were changes in the Executive Leadership Team in 2023/24 with the Chief Executive and Director of Finance and Corporate Services leaving the organisation. The posts were filled with interim appointments which provided some continuity, with a permanent Chief Executive and Accountable Officer taking up their post in September 2024. A permanent Director of Finance and Corporate Services has still to be appointed.

**12.** A timeline of the changes in board and senior leadership over the last two years is shown in the [Appendix](#).

**13.** Despite these interim appointments an updated Framework Agreement, between the Scottish Government and Historic Environment Scotland, was concluded in October 2024. The previous agreement allowed Historic Environment Scotland to utilise up to 50 per cent of any additional income above forecast, capped at £1 million. From 2025/26, the revised business model will give Historic Environment Scotland greater financial flexibility as it will be able to utilise all additional income generated with no requirement to seek Scottish Government approval.

**14.** This additional financial flexibility must be accompanied by effective leadership. I note that recent media coverage has highlighted some significant challenges, including a number of staff-related matters, that require careful attention and resolution. I am concerned by the allegations of a toxic workplace culture and these must be fully investigated and appropriate action taken. The change and instability in the leadership of Historic Environment Scotland must be addressed to enable the organisation to strengthen its governance, culture and control environment.

## Historic Environment Scotland needs to strengthen its governance arrangements

**15.** I note that internal audit issued a limited assurance opinion for Historic Environment Scotland in 2024/25 and concluded there are weaknesses in the current risk, governance and control procedures that could affect the delivery of objectives. The external auditor also reported a recent weakness in procurement, which relates to the inappropriate use of **single source justification**. This has prompted an internal audit review of procurement practice.

**A Single Source Justification (SSJ)** is used in procurement to justify why a purchase or contract award is being made from one specific supplier without a competitive bidding process.

**16.** Historic Environment Scotland has reported eight personal data breaches between March and November 2025 to the Information Commissioner's Office. The nature and volume of personal data breaches reflects the internal challenges that Historic Environment Scotland is currently experiencing.

**17.** The appointed auditor reported that Historic Environment Scotland receives complimentary tickets to events at its venues as part of a contractual agreement with the event provider. There is no policy in place covering the distribution of these tickets to ensure that they are distributed in an appropriate and transparent way. This is a very unusual circumstance for a Scottish public body. If the inclusion of these complimentary tickets within the contract impacts on the income generated, then I would expect Historic Environment Scotland to be able to demonstrate the public value derived from this arrangement.

**18.** A register of interests is maintained and published for board members, however there is no formal register of interests in place for the Executive Leadership Team. I recognise that Historic Environment Scotland has accepted the auditor's recommendation for a register of interests to be introduced for the Executive Leadership Team.

**19.** Historic Environment Scotland must take action to address the governance weaknesses identified and demonstrate that Best Value is being delivered from its contractual arrangements.

### **There were weaknesses in the financial management arrangements for electronic purchasing cards, expenses and hospitality**

**20.** Historic Environment Scotland has over 400 electronic purchasing cards with approximately one in every four members of staff being in possession of a card. Compliance checks are carried out on eight per cent of the associated transactions each month. £1.9 million was spent on electronic purchasing cards in 2024/25.

**21.** I note that the auditor has highlighted that the electronic purchasing cards policy has not been updated since 2019. The auditor identified cases where there was no evidence to support an increase in the transaction limit above £1,200, and no evidence of three quotes being obtained for items over £1,000 as required by the policy. Three transactions where there was no evidence to support the increase in transaction limit, and no evidence of three quotes being obtained in line with the e-PC policy relate to accommodation and a replacement kitchen.

**22.** While electronic procurement cards can support staff making work-related purchases, the high number of cards being used by Historic Environment Scotland staff require the controls in place to be strengthened to safeguard the use of public money. The senior leadership



team should also satisfy itself that the organisation needs to operate as many electronic purchasing cards as it currently has.

**23.** The auditor also reported issues with the expenses process, particularly non-compliance with the policy associated with foreign travel. Historic Environment Scotland's business travel policy requires a foreign travel form to be completed and approved by a Director and the Chief Executive. While all of the cases reviewed by the audit team contained a business case, almost half had not been appropriately authorised or the actual expenditure incurred exceeded the amount authorised. It is important that there is a clear process in place to monitor expenditure on foreign travel against the approved business case.

**24.** In November 2024, some board members attended a dinner to mark the departure of one of its members. The invoice totalled £875, which was based on a dinner priced at £35 per head for 11 attendees, with most of the remainder being from the purchase of alcohol. Following review by the Chief Executive, Historic Environment Scotland was reimbursed by board members for part of the bill, with the organisation bearing the costs relating to food.

**25.** Historic Environment Scotland has a hospitality policy in place which states that 'providing wine at the organisation's expense is allowed when official hospitality is at a restaurant or reception'. Audit testing, by both the external audit team and internal audit, has identified bar recharges, including spirits, being charged without appropriate challenge.

**26.** I note that the auditor considered these findings, including the regularity of these transactions, and concluded that there was no impact on the audit opinion. However, the auditor also noted that the findings suggested a culture where policies were not being consistently applied.

**27.** Given the range of issues identified, I am concerned that Historic Environment Scotland does not currently have sufficiently robust policies and controls to mitigate the risk of fraud and evidence that value for money is being achieved. I agree with the auditor's conclusion that the findings suggest a culture where policies are not being consistently applied and this needs to be urgently addressed.

## **The governance arrangements to support a significant project for archive storage were insufficient**

**28.** Historic Environment Scotland started its Archive House project in 2021 to rationalise the storage of archive materials from multiple sites into a specialist storage facility. A 15-year lease of the Archive House property was entered into in November 2019, with the first lease break not available until November 2029.

**29.** In June 2024, the Executive Leadership Team decided to cancel the Archive House project due to escalating costs and increasing timelines.

The auditor notes that from their review of the published minutes and discussion with relevant staff, that the board was not provided with a paper to enable them to scrutinise the proposal and the decision was not clearly recorded in a board meeting minute. In addition, there was insufficient evidence of proper consideration of such an important decision by the Executive Leadership Team.

**30.** Historic Environment Scotland has spent £2.9 million on the Archive House project over the past two years, with a further £0.5 million likely to be incurred until the lease break is reached in 2029.

**31.** To provide a short-term solution the existing lease of John Sinclair House has been extended for a further two years, to October 2028, at a cost of £536,151 a year. The annual lease cost for the extension has increased from £423,500.

**32.** It is unsatisfactory that a decision regarding a major investment project was made without appropriate scrutiny from the Executive Leadership Team or board. Further, Historic Environment Scotland continues to incur costs for the Archive House project despite it now being cancelled. I note that the auditor's recommendation, that a lessons-learned review be carried out before any decisions are taken on a long-term solution, has been accepted and I have asked the auditor to monitor and report on the outcome of this review.

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# Conclusion

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**33.** The auditor has reported unacceptable weaknesses in the leadership, governance and use of resources within Historic Environment Scotland. I agree with the auditor's conclusion that the organisation is not able to demonstrate that arrangements are in place to deliver Best Value across all of its activities.

**34.** Further, the Scottish Government should have appointed a substitute Accountable Officer when the extended absence of the Chief Executive and Accountable Officer became clear. This would have provided leadership and the necessary accountability within Historic Environment Scotland.

**35.** I recognise that management has accepted the findings and recommendations from the auditor and has committed to actions to address these. Historic Environment Scotland must also investigate and address the allegations of a toxic workplace culture, and resolve ongoing staff-related concerns. I will continue to monitor progress on these matters and I will report further in public as necessary.

# Appendix

## Timeline of changes in board and senior leadership of Historic Environment Scotland

Date	Event
<b>23 October 2023</b>	An Interim Director of Finance and Corporate Services is appointed pending the departure of the Director of Finance and Corporate Services in November 2023.
<b>19 November 2023</b>	The Director of Finance and Corporate Services departs after over six years in post. The Interim Director of Finance and Corporate Services assumes responsibility.
<b>31 March 2024</b>	The Chief Executive and Accountable Officer departs after seven years in post.
<b>1 April 2024</b>	The Director of Operations is appointed as Interim Chief Executive and Accountable Officer, and the Head of Technical Resources is appointed as Interim Director of Operations.
<b>16 September 2024</b>	A new Chief Executive and Accountable Officer took up post and the Interim Chief Executive and Head of Technical Resources return to their substantive posts.
<b>2 May 2025</b>	<p>The Chief Executive and Accountable Officer is absent from work from this date.</p> <p>Interim arrangements are put in place, however, the role of Accountable Officer is not filled.</p>
<b>June 2025</b>	<p>The absence of the Chief Executive and Accountable Officer reaches the four-week period set out in the Scottish Public Finance Manual.</p> <p>A substitute Accountable Officer is not appointed by the Scottish Government.</p>
<b>June 2025</b>	The appointment process for a new Chair of the Board begins following a decision by the Cabinet Secretary not to offer the current Chair a second term.
<b>5 September 2025</b>	The Chair of the Board resigns, ahead of the end of the term of appointment in January 2026.

Date	Event
<b>16 September 2025</b>	A member of the board resigns before the end of their term of appointment.
<b>22 September 2025</b>	The Cabinet Secretary for Constitution, External Affairs and Culture appoints a new Chair of the Board.
<b>24 September 2025</b>	Another member of the board resigns before the end of their term of appointment.
<b>15 October 2025</b>	The board agree to appoint a temporary Chief Operating Officer for a six-month period.
<b>20 October 2025</b>	<p>The Chief Executive and Accountable Officer returns to work to support the conclusion of the annual report and accounts process.</p> <p>The Interim Director of Finance and Corporate Services remains in post.</p>
<b>10 November 2025</b>	The Cabinet Secretary for Constitution, External Affairs and Culture appoints two interim board members for a period of 12 months.

# The 2024/25 audit of Historic Environment Scotland



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27 January 2026

Richard Leonard MSP  
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Dear Convener

On 14 January 2026, I gave evidence to the Committee on my report, the 2024/25 audit of Historic Environment Scotland. During the session we discussed the personal data breaches that have been reported to the Information Commissioner's Office and the possible sanctions that could be imposed. The Information Commissioner's Office [website](#) confirms the enforcement powers including penalty notices and, for the most serious infringements, fines of up to £17.5 million or 4 per cent of turnover.

I also agreed to come back to the Committee on the role the Scottish Public Finance Manual (SPFM) compared with the requirements of a public bodies scheme of delegation. The SPFM is issued by Ministers to provide overarching guidance on the proper handling and reporting of public funds. Public bodies own governance documents, including the scheme of delegation, should be consistent with the requirements of the SPFM and I would expect any uncertainty to be raised with the Scottish Government to enable resolution.

Your sincerely

**Stephen Boyle**  
Auditor General for Scotland