

2023-2024 SG/2024/65: NatureScot Scotland's Nature Agency Annual Report and Accounts 2023/24

NatureScot NàdarAlba

Scotland's Nature Agency Buidheann Nàdair na h-Alba



SG/2024/65: Laid before the Scottish Parliament by the Cabinet Secretary for Rural Affairs, Land Reform and Islands in pursuance of Section 26 of the National Parks (Scotland) Act 2000. The Annual Report and Accounts 2023-24 are being laid before the Scottish Parliament by the Cabinet Secretary for Rural Affairs, Land Reform and Islands in pursuance of Section 22(5) of the Public Finance and Accountability (Scotland) Act 2000.

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Foreword

We have a unique role to play in driving nature recovery across Scotland. From academic institutions to land managers, third sector organisations, private enterprise, local authorities and the wider public – we want to work in partnership with the whole of Scotland to move forward with urgency and ambition. This Annual Report details the substantial progress we have made and highlights our numerous achievements from supporting terrestrial birds and marine protected areas to planning and land management responsibilities.

We know that we still have a big challenge to reverse the trend of biodiversity loss by 2030 and regenerate nature by 2045. The nature crisis, twinned with the impacts of climate change, affects everyone in Scotland. It's not just our challenge and its only by working together, across the country, engaging with communities large and small that we can hope to make the progress that we so desperately need. That is NatureScot's purpose and goal.

We believe action in the following four key areas in partnership with the many and varied interests across the nation will help deliver on those long term aims. They will also make a substantial contribution to the Scottish Government's priorities.

We know that work towards changing how we farm, croft and use our land will help us towards our biodiversity goals and hit net zero and, crucially, help the agriculture sector to thrive, especially in the face of climate change impacts.

We know that safeguarding 30% of our land and sea by 2030 to meet international obligations will be important. Our long-term economic interests and tackling carbon emissions rely on it.

We know that establishing a framework for effective public and private investment in natural capital that has integrity, that elevates the needs of communities alongside the needs of wildlife will be crucial. Some estimates put the amount needed to restore nature in Scotland in the billions. We want to make sure that investment adds real value to the Scottish economy.

We know
that we still have
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nature by 2045









Finally, we know that a well-functioning and strengthened system of species management that supports nature and business, will be crucial. Following new legislation, we are now implementing that system and there is every prospect that those that work the land will prosper.

All of those changes must happen so that the benefits are shared fairly, and impacts are limited and where they can't be avoided managed sensitively. We are especially concerned for those whom we struggle to hear. Those that are not heard can suffer the most. That is at the heart of what is known as the Just Transition.

In order to achieve all this, it is essential that we take steps to grow the 200,000 strong nature sector workforce. We are confident this can be done and our Annual Report shows in detail how we are making progress in all of these areas.

Building on our strong performance this year and looking forward to next, we are particularly excited by the publication of the Scottish Government's Biodiversity Strategy which will focus national effort towards the restoration and protection of nature. We are energised by the critical role we have in mobilising action and the key role in forging the partnerships needed to make nature recovery a reality in all our lives.

CC

...we want to work in partnership with the whole of Scotland to move forward with urgency and ambition





Colin Galbraith Chair



About NatureScot

We are a non-departmental Public Body (NDPB) accountable to Scottish Ministers and the Scottish Parliament. Operating under NatureScot and out of Great Glen House, Inverness, Scottish Natural Heritage has a statutory purpose is to:

- Secure the conservation and enhancement of nature and landscapes
- Foster understanding and facilitate enjoyment of nature and landscapes
- Advise on the sustainable use and management of nature and landscapes
- Further the conservation, control and sustainable management of deer in Scotland

We work in partnership with all relevant interests in Scotland, including public, private and voluntary organisations, and individuals. We operate in a devolved manner, delegating decision-making to the local level, helping our organisation to be accessible, sensitive and responsive to local needs and circumstances. We operate in an open and accountable way in all our activities.

Our organisational values help us achieve our goals, setting out how we work with colleagues and partners:

- We communicate clearly and honestly
- We listen to and respect the views of others and treat everyone with dignity and respect
- We encourage people to deliver their best
- We do what we say we will do
- We take the initiative and are willing to adapt
- We work together and learn from one another

In this work we aim to:

- Promote, care and improve Scotland's natural heritage
- Help people to enjoy nature responsibly
- Enable a greater understanding and awareness of nature
- Promote the sustainable use of Scotland's natural heritage

We work to provide a nature-rich future for Scotland and the essential benefits that flow from it. More information about what we do and case studies that illustrate the difference that we are making can be found on our website: www.nature.scot.







Our Structure

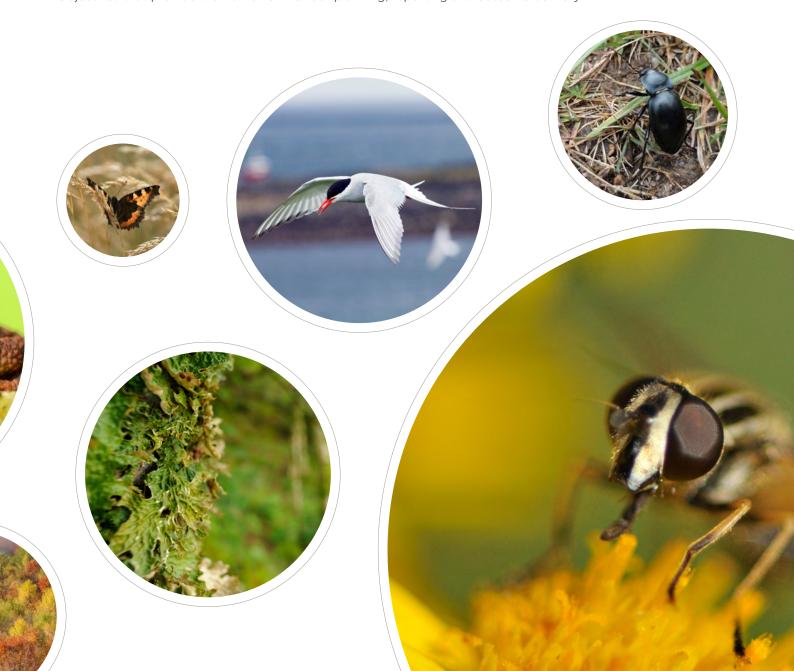
Our structure comprises three Directorates: Nature and Climate Change, Green Economy, and Business Services and Transformation.

Green Economy has responsibility for Wildlife Management, Planning, Transforming land-use, Natural Capital and Green Finance.

Nature and Climate Change leads on the delivery of our 30x30 commitments, Marine Management, our joint work with the Scottish Government on the Scottish Biodiversity Strategy and inspiring and engaging people, partners and policy makers to engage and deliver for Nature and Climate Change.

Business Services and Transformation provides the enabling services to the rest of the organisation, ensuring skilled and motivated people with the tools and infrastructure to support their work.

The Directorates work closely together and are organised into 7 Delivery Teams and 8 Enabling Teams that have cross-cutting responsibilities for the delivery of our 15 Corporate Objectives that provide the framework for our planning, reporting and outcome delivery.



Our Strategy

Our Corporate Plan 2022-2026, "A Nature-Rich Future for All" sets out our four priorities and their outcomes to address the twin crises of nature loss and climate change:

Protecting Nature

Strengthened protection of existing biodiversity.

Restoring Nature

Halt the loss of biodiversity by 2030 and restore nature by 2045.

Valuing Nature

The value of nature is reflected throughout public and private sector policy, underpinning care for nature and investment towards a wellbeing economy.

NatureScot Way

Our passion, inspiration and expertise will put nature at the heart of Scotland's future.

The priorities guide the delivery of the strategic commitments outlined in our Business Plan for 2023/24. These are:

- The transformation of land and sea use
- Putting in place changes to restore and protect nature for the future
- Within Scotland's control, working towards the prevention of any further extinctions of wildlife and halting declines by 2030
- Focusing on species recovery, functional ecological diversity, and habitat quality and extent reflecting the challenges of a changing climate
- Delivering our targets to protect at least 30% of Scotland's land and seas by 2030, and highly protect 10% of the seas by 2026 including one new National Park
- Reducing our own emissions and biodiversity footprint through our procurement and Net Zero Plan
- Securing new sources of income and investment to offset pressures on the public purse to achieve nature-positive outcomes

We also committed to prioritising resources to deliver the Programme for Government whilst continuing to deliver complementary statutory functions. These include areas of work, from safeguarding terrestrial birds and marine protected areas, to planning and land management responsibilities, that are delivered in ways that are efficient and contribute effectively to protect, restore and value nature.



Supporting the National Performance Framework

We are a key contributor both in terms of delivering performance information and inspiring the behavioural change that lies at the heart of The Scottish Government's approach to achieving its ambitions for Scotland. This is measured through its National Performance Framework (NPF) as our work directly affects the delivery of at least 5 of the 11 National Outcomes.

Our contribution to the National Performance Framework

We lead on reporting against three Scottish Government National Indicators:

- NI44: Condition of protected nature sites
- NI45: Biodiversity: Terrestrial Abundance
- NI46: Natural Capital

We also contribute data and support to two other National Indicators:

- NI43: Visits to the outdoors
- NI48: Carbon footprint

More information is available about the NPF on the Scottish Government website: nationalperformance.gov.scot/national-outcomes/national-outcomes/environment.



Delivering Our Corporate Plan Commitments

We monitor and report on our performance towards achieving our 15 priorities in the Corporate Plan - Protect, Restore, Value and the NatureScot Way through qualitative indicators.

Within our Corporate Plan, our priorities are broken down into programmes of work with milestones and indicators that demonstrate our progress towards delivering the ambitions of a Nature-Rich Future for All. These were confirmed within our 2023/24 Year Two Business Plan.

Protect

Objective	Status
Lead the delivery of 30% of land and sea being protected by 2030	
Build stronger collaboration reducing the impacts of deer and modernise our wildlife management and underpinning licensing functions to enable a net zero and nature positive future	②
Engage and influence planning and other regulatory systems to ensure they deliver for nature and climate	②
Influence the transformation of marine management through new marine planning, protection and fisheries management frameworks, and working with the marine renewable energy sector	②

Restore

Objective	Status
Co-lead the production of the new Scottish Biodiversity Strategy and develop targets to include in a new Natural Environment Bill	
Scale up Peatland Restoration by delivering Peatland ACTION funding to projects	•
Lead, enable and convene others around the development of ambitious and coherent actions to restore nature. Deliver a major Nature Restoration Fund targeted at high impact nature recovery projects and seeding greater investment from the private sector	②
Demonstrate how agriculture can be transformed with new approaches to deliver targeted outcomes for nature and climate	

Value

Objective	Status
Inspire people to connect with nature, increasing appreciation of nature's value through impactful delivery and communication of our work	
Influence the regulatory, policy, market and institutional infrastructure needed to stimulate private sector investment into nature	
Drive the establishment of Natural Capital as an integral part of public and private business planning and investment decisions at national, landscape and landholding/business scales	
Promote understanding and awareness of skills and capacity needs for the nature based sector	②



NatureScot Way

Objective	Status
Deliver new ways of working to stimulate achievement of our ambitions	
Transform our individual and collective leadership capability	②
Sustain our focus on developing a happy and resilient workforce	×

Key: ✓ Achieved/on-track → Planned progress partially achieved

14 of the 15 objectives were rated Green at the end of the year.



Key Performance Indicators

We have identified 19 mainly quantitative Key Performance Indicators in our Business Plan to provide evidence of progress against our Corporate Plan objectives to protect, restore and value nature. Of the 19 indicators, 6 show performance increasing, 9 show performance maintaining and the remaining 4 are either still under development or a baseline is being established this year for comparison with 2024/25. The indicators are reviewed by the Board quarterly.

These measures are additional to the qualitative assessment of our progress against corporate plan objectives noted in the preceding section.

The indicators have been reviewed during the year and these measures will be retained for the 2024/25 Business Plan. More detailed commentary on the most significant indicators and those that we continue to monitor annually as part of our corporate plan commitments can be found in the "Performance Analysis" section of this document.

Measure	Performance Direction	Comment
Number of catchments with established beaver populations	•	Continued increase in beaver catchments to 5 this year with ongoing support to beaver translocation.
Area (hectares) of peatland put on the road to recovery	•	An increase of 20% in total hectares of peatland on the road to recovery.
NatureScot is in partnership with new recipients	•	Seventeen new applicants received funding this year.
Engagement Rate on Make Space for Nature (MSFN) webpages	⊘	An increase in the engagement rate has been achieved due to targeted social media activity.
Nature-restoration jobs and skill development opportunities created through our activity	⊘	More young people have been engaged in seminars and programmes that we've developed to stimulate interest in naturebased careers.
Number of restoration projects for which we've provided advice		We have continued to provide advice to projects within expected levels.
External funds raised by Scottish Marine Environmental Enhancement Fund (SMEEF) and the amount allocated to projects		Funds raised through SMEEF are dedicated to the improvement of the marine environment. In its first two years £3.2m in funding has been distributed to 45 projects.
Percentage of holding objections for formal planning applications		The number of objections has increased to 9.9% which is a leap from previous trends by around 5 percentage points over the previous year reflecting changes in the quality of planning applications.

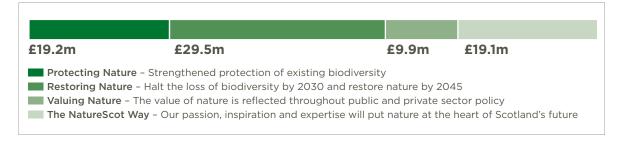
Measure	Performance Direction	Comment
Number of marine renewable energy consultations we provide advice on avoiding impacts on nature		Overall numbers have remained steady although the underlying complexity and variability of applications has increased.
Number of individual farm businesses that have completed a biodiversity audit		This is the first year of this measure being implemented. The number of businesses talking part is in line with expected levels.
National Nature Reserve online engagement		Our online engagement reached over 3m impressions which is within expected levels.
Percentage of Implemented Audit Recommendations		Maintained at a high level through the year. Main recommendations have been actioned on time.
Workforce Diversity		Work to capture data on the existing workforce and promote NatureScot as a diverse employer continues and diversity measures remain within expected levels.
Total emission reduction (tCO ₂)		Significant progress has been made installing renewable technologies at our headquarters.
Number and Types of licenses that are processed through the online system	0	Only one year of data so benchmark will be developed for comparison for 2024/25.
Stakeholder interest in Marine Protected Areas Information (hits on webpages)	0	Measurement basis was reviewed during the year and a baseline can now be set for comparison for 2024/25.
License applications turnaround time within standards	0	Identification of turnaround time standard is ongoing and should be completed in 2024/25.
Number of Landscape partnerships that NatureScot is involved in that use a natural capital approach	•	The landscape natural capital tool is under development so measures to be finalised once this is implemented.
Square meterage of floorspace dedicated to NatureScot	⊘	This measures the reduction in office floor space used. Seven office reviews have identified 1900m2 of workstation floorspace that is no longer required.

Key: ✓ Increasing ③ Data Under Development ⊖ Maintaining

Financial Highlights

Net Spend by Priority

Net spend is split across the four priorities which achieve our corporate plan objectives. Segmental information (financial statement note 3) provides more detail about costs incurred across the four outcomes.



Income and Financing

We receive Grant in Aid (GIA) (financial statement note 4) from the Scottish Government to finance the majority of our activities. Income from activities (financial statement note 6), external funding (financial statement notes 5), and EU funding (financial statement note 7) provide opportunities to undertake collaboration and to share services. Details showing the outturn against budgets are provided in the Financial, Environmental and Social Summary section of the Performance Analysis report.



Expenditure

Staff costs were £38.4m (financial statement note 9), 39% of our total Departmental Expenditure Limit (DEL) budget. Whether through direct delivery or advising and supporting others to deliver, our staff are at the heart of all our work (financial statement note 9). Operating costs (financial statement note 13) represent a range of expenditure incurred to accomplish our goals, including grants, research, managing national nature reserves (NNRs) and management agreements. Other costs (financial statement note 12) represent our running costs to support the delivery of outcomes. Direct Capital expenditure relates to the purchases of fixed assets including IT equipment and vehicles (financial statement note 16).



Key Risks

We maintain an organisation wide risk register and report on key strategic risks through our Corporate Risk Register. Risks are monitored throughout the year and reported to our Senior Leadership Team and Board on a regular basis with the Audit and Risk Committee providing assurance to the Board about the overall robustness of the programme of risk management as described in more detail in the Governance Report. At the end of 2023/24 there were four key risks noted below which had been rated as "high" or "very high".

Two of these risks required further escalation during the year, "Future Funding of NatureScot" and "Structural Funds". The first of these was escalated temporarily during Quarter 3 to reflect uncertainty over our funding settlement and mitigating actions to deliver priority outcomes with a reduced budget were prepared and discussed with the Board and our sponsor department. Following the budget settlement the risk was de-escalated but work will be ongoing to plan for a range of budget settlement outcomes for 2025/26 and thereafter over the medium term.

The Structural Funds risk has been monitored by the Senior Leadership Team and Audit and Risk Committee on behalf of the Board throughout the year. The risk was escalated due to uncertainty regarding the final settlement of outstanding claims by the Managing Authority (an independent body set up to oversee and approve Structural Funds claims) and the financial exposure NatureScot could have faced. Mitigating actions were taken to ensure that the financial exposure was managed and reduced and actions taken demonstrate the effectiveness of NatureScot's corporate risk management approach.

Computer Virus

Peatland restoration target and budget

Risk

With the ongoing risk of cyber-attacks, inadequate protection or inappropriate system use could have resulted in NatureScot systems becoming infected with a virus, resulting in systems and data being unavailable or corrupted, significant system downtime and major operational impacts.

Mitigation

Our cyber security team have proactively managed this throughout the year through strong security protocols, awareness raising and training for all employees.

With a complex operating environment including a tight delivery deadline as due to a vulnerability to winter weather, there is the potential to be unable to deliver our restoration hectare targets or fully utilise the available budget.

Mitigation

Commitments to a multi-year settlement and future planning as well as strong controls supporting ongoing monitoring, increasing resilience to change in projections, risk based approach to operations during nesting season and reporting will seek to reduce this risk in future years.

Future Funding of NatureScot

Structural Funds - failure of programme delivery and/or funding mechanism

Risk

With pressures on public sector funding if we rely solely on grant in aid settlements, we may not be able to sustain resource delivery of agreed priorities, leading to failed outcomes and reputational damage.

Mitigation

We are actively seeking opportunities to increase funding through other sources such as private finance and charging for advice. Short, mid and long-term financial plans are in place and used to consider potential financial scenarios and proposed solutions including ensuring delivery is prioritised in line with government priorities.

Risk

A change to our delivery model during 2021/22, to bring us in line with other lead partners, had resulted in more financial exposure to ourselves and grantees involved in the fund.

Mitigation

There was regular liaison with the Managing Authority (MA) to ensure that the programme continued in a manner consistent with the requirements of grantees and EU audit. Robust controls and checks were also in place to provide assurance before submission to the MA.





Performance Analysis

Introduction

The purpose of this performance analysis section is to demonstrate how we are meeting our 4 high level corporate plan priorities and to provide a detailed breakdown of our work supporting our 15 strategic commitments that support them including the measures we have put in place to monitor progress and drive improvement.

The measures and results sought were published in our Corporate Plan and have been supplemented, where appropriate, by alternative or additional measures that better reflect the work we are doing and provide further evidence of what we are achieving. The narrative that accompanies the measures provides an explanation of successes that we have had and the challenges that we are facing.

This section also provides an in-depth analysis of the organisational risks we are facing and the strategies we have for managing them.

Four objectives align with each of our three corporate priorities to protect, restore and value nature. Three further objectives have been identified to drive improvement in the way we work which we've called the NatureScot way. Each objective is broken down to desired outcomes that are supported by relevant performance measures. Our performance framework is summarised below.



Protecting Nature

Outcome: Strengthened protection of existing biodiversity

- 1. Lead the delivery of 30% of land and sea being protected by 2030
- 2. Build stronger collaboration reducing the impacts of deer and modernise our wildlife management and underpinning licensing functions to enable a net zero and nature positive
- 3. Engage and influence planning and other regulatory systems to ensure they deliver for nature and climate
- 4. Influence the transformation of marine management through new marine planning, protection and fisheries management frameworks, and working with the marine renewable energy sector

Restoring Nature

Outcome: Halt the loss of biodiversity by 2030 and restore nature by 2045

- 5. Co-lead the production of the new Scottish Biodiversity Strategy and develop targets to include in a new Natural Environment Bill
- 6. Scale up Peatland Restoration by delivering Peatland ACTION funding to projects
- 7. Lead, enable and convene others around the development of ambitious and coherent actions to restore nature. Deliver a major Nature Restoration Fund targeted at high impact nature recovery projects and seeding greater investment from the private sector
- 8. Demonstrate how agriculture can be transformed with new approaches to deliver targeted outcomes for nature and climate

Valuing Nature

Outcome: The value of nature is reflected throughout public and private sector policy, underpinning care for nature and investment towards a wellbeing economy

- 9. Inspire people to connect with nature, increasing appreciation of nature's value through impactful delivery and communication of our work
- 10. Influence the regulatory, policy, market and institutional infrastructure needed to stimulate private sector investment into nature
- 11. Drive the establishment of Natural Capital as an integral part of public and private business planning and investment decisions at national, landscape and landholding/business scales
- 12. Promote understanding and awareness of skills and capacity needs for the nature-based sector

The NatureScot Way

Outcome: Our passion, inspiration and expertise will put nature at the heart of Scotland's future

- 13. Deliver new ways of working to stimulate achievement of our ambitions.
- 14. Transform our individual and collective leadership capability.
- 15. Sustain our focus on developing a happy and resilient workforce.

Protecting Nature

Strengthened protection of existing biodiversity

1. Lead the delivery of 30% of land and sea being protected by 2030

By 2030, our ambition is that 30% of Scotland's land and sea will be protected for nature, with at least 10% of our seas under high protection. This involves the development and delivery of a range of actions including the management of deer numbers, policy and legislative developments to regulate the impacts on nature of major infrastructure developments and intervening to mitigate the impacts of the catastrophic impacts of naturally occurring disasters such as Avian Flu. The achievements highlighted below are the main actions taken this year to keep us on track to deliver that ambition.

We have made significant progress on delivering deer working group recommendations including secondary legislative provisions. We have achieved more beaver trapping and translocation from conflict areas including a licensed release into the Spey catchment. We have expanded and developed our licensing services through the provisions within the Hunting with Dogs Act and development of online licensing for deer. We progressed two control agreements (Caenlochan and North Ross) to deliver voluntary control agreement cull reductions over the winter of 2023/24 and are taking forward work to secure a control scheme on Loch Choire estate.

We launched a new online deer management authorisation tool and receiving a Scottish Planning Innovation Award for our artificial intelligence (AI) powered InformedDECISION©, planning advice tool.

The Wildlife Management and Muirburn Bill progressed through the Scottish Parliament, which increased our regulatory role due to licensing provisions for grouse, muirburn and trapping. We are developing two codes of practice on grouse and muirburn with stakeholder working groups.

We advised on three major offshore wind developments, shaped legislative proposals for marine nature enhancement and published Conservation and Management Advice documents for eight Marine Protected Areas.

We were consulted on 621 planning applications (excluding pre-application consultations). A number of these are consultations under the UK Strategic Rural Network (SRN) for new and existing phone masts, to improve mobile coverage in remote and rural locations. We made 11 outright objections of which 2 were wind farm applications lodged under S36 of the Electricity Act 1989 for the construction or extension, and operation, of electricity generating stations, and 4 related to SRN masts. We have been involved in one Public Local Inquiry for the Earraghail windfarm proposal in Argyll and Bute.

We have drawn up new advice on peatland, carbon-rich soils and priority peatland habitats in development management, framed on National Planning Framework 4. This guidance is under stakeholder review with the renewables sector and the Peatland Expert Advisory Group and will be updated in light of these discussions. We continue to work with partners on the Onshore Wind Strategic Leadership Group to collectively tackle barriers to the deployment of onshore wind and to develop a Scottish Onshore Wind Sector Deal.

Avian Flu continued and, although at lower intensity than the previous year, the ongoing impact of that year's outbreak remained highly visible in seabird colonies both in terms of reduced numbers and behaviours. We are involved in work to understand the virus pathways, monitor impacts and give advice on mitigation, especially long-term conservation measures.

Desired Outcome - People understand, promote and engage with marine protection commitments

Marine enhancement has been a growing field and the work required has been changing during 2023/24. We have supported native oyster and seagrass bed restoration by providing advice from initial concept and planning stages to collecting baseline data and carrying out active restoration work. Projects using new restoration techniques and examining how best to deal with gaps in evidence as part of the licensing process have added to the complexity of this year's work. We have provided advice to 82 projects overall.

Existing enhancement projects have also started scaling up their work from initial pilots which include seagrass and native oyster restoration projects.

We have shared our work at Scottish, UK and international conferences and workshops. As well as continuing to develop our own restoration guidance, we have contributed to international seagrass restoration guidance. We have also run social media campaigns encouraging people to protect native oysters and to promote the first ever World Seagrass Day.



Desired Outcome - The condition of nature has improved across Scotland

This indicator is measured using the results from the Scottish element of the UK-wide Common Standards Monitoring programme, known as Site Condition Monitoring (SCM) in Scotland.

Assessments are carried out for medium or high-risk features on a ten year cycle. Risk depends on feature type, known threats and current assessed condition. Over the longer the term, our measurement work shows that the condition of SCM sites is still declining despite our efforts to improve the situation which highlights the need to expand and change our work and monitoring.



Data shows that woodland protected areas, and by extension most natural woodlands, are still mostly in unfavourable condition, with the negative pressures still being grazing (mostly by deer) and Invasive Non-Native Species (INNS) (mostly Rhododendron and colonisation by commercial conifers).

In the last year there has been significant progress in gaining broad agreement that these issues need to be tackled, and this is starting to come through into policy and delivery strategies such as the draft Scottish Biodiversity Strategy, external nature finance for woodland and landscape recovery. These positive changes are yet to reach widespread implementation so the condition of natural woodland is not yet showing signs of improvement. However, if implementation gathered pace the picture would become more positive.



2. Build stronger collaboration reducing the impacts of deer and modernise our wildlife management and underpinning licensing functions to enable a net zero and nature positive future

Desired Outcome - Deer Populations have reduced

We are increasing deer culling and working with the Strategic Deer Board to make the case for more Government funding and trialling three schemes to incentive deer management. We are working with Scottish Government to develop new legislation which will give us better regulatory powers. Over 300,000 Ha (10% of overall upland Deer Management Group range) is currently in the regulatory process where deer population reductions are being progressed.

The most recent cull return data shows an increase in the number of deer culled (2021/22; 120,177: 2022/23; 125,142: 2023/24; 135431). We are trying to increase the number of cull returns including the recent redevelopment of our Deer Online Service to get more information from a larger area of Scotland.



Desired Outcome - Licences are processed in accordance with our licensing standards

Continued investment in our compliance monitoring approach has resulted in compliance issues reported to us by third parties being investigated. Investment in our online licensing portal provides faster access to licensing data including specific conditions and returns. The development of our new online licensing portal has been a priority this year and will enable proactive compliance monitoring to be undertaken. It will also support the work to complete a statement of service standards.

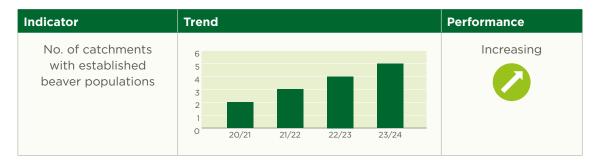
Desired Outcome - Beavers found in new catchments.

Great progress has been made with beaver translocation. Scotland's Beaver Strategy supports beaver restoration in appropriate new areas and beavers have been released into our two National Parks.

Beavers have been formally reintroduced to the Forth, Loch Lomond and Spey catchments in addition to the Tay catchment and Knapdale. In the last year we have issued three new wild release licences including for up to 15 families in the Cairngorms National Park. This has resulted in 32 beavers being released to the wild in Scotland between 1st January 2023 and 31st March 2024. We are working with the Scottish Beaver Advisory Group to ensure future arrangements for beaver translocations are proportionate and take account of the benefits and potential risks of beaver occupancy.

At the same time, we are continuing to support land managers experiencing negative impacts from beavers largely in Tayside as part of Scotland's Beaver Strategy delivery. The Scottish Beaver Advisory Group has been established and the work of the sub-groups is making good progress.

We have continued to operate the Scottish Beaver Mitigation Scheme, providing the offer of free advice and support for mitigation where it meets the aims of the scheme including the use of various new technologies to help identify and standardise the assessment of risk.



3. Engage and influence planning and other regulatory systems to ensure they deliver for nature and climate

The process of developing Local Development Plans (LDP) is a long one and therefore there are currently no measurable results. We were involved in the early stages of LDP preparation, with all planning authorities moving into evidence gathering in 2024/25 and our input in all cases has emphasised the connection to Scottish Biodiversity Strategy (SBS) and biodiversity as an essential issue to be evidenced and considered during the development of the LDP.

Desired Outcome - Nature is in a better state than before development

4. Influence the transformation of marine management through new marine planning, protection and fisheries management frameworks, and working with the marine renewable energy sector

This measure provides a high-level overview of the volume of advice provided and highlights the workload on the marine energy team. The level of complexity is increasing and so it is taking more time and resource to respond to consultations. Advice varies from licence consultations involving 3 people to wind farm applications involving more than 10 people under section 36 of the Electricity Act that concern applications for new electricity generation developments. Our role is to advise the Energy Consents Unit of Scottish Government of their impacts on nature.

It also includes requests covering standard topics to those more novel or completely new such as derogation cases where proposed developments would have such a significant impact on certain protected areas that a derogation from the normal legislative protection must be given by the Scottish Government to allow them to go ahead.

Desired Outcome - We can help meet net zero targets through marine renewable energy avoiding major impacts on nature.

Indicator	Trend	Performance
No. of marine renewable energy consultation where we have provided advice on avoiding impacts on nature	250 200 150 100 50 0 Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4 Q1 22/23 23/24 24/25	Maintaining



Restoring Nature

Outcome: Halt the loss of biodiversity by 2030 and restore nature by 2045

5. Co-lead the production of the new Scottish Biodiversity Strategy and develop targets to include in a new Natural Environment Bill

We worked with Scottish Government to launch a major consultation which ran from September-December on the Strategic Biodiversity Framework including:

- The Scottish Biodiversity Strategy, setting out our vision to halt and reverse biodiversity
- First five-year Delivery Plan, containing the 150 actions to deliver the vision
- Proposed Natural Environment Bill, providing a framework for establishing statutory nature targets to drive delivery and the transformational change we need
- Proposals for new National Parks

We progressed a number of foundational policy frameworks including the Scottish Biodiversity Strategy, Nature Networks and '30x30' - the latter being the steps required for Scotland's contribution to the global target to protect 30% of land and sea by 2030. The Scottish Government (SG) maintained its commitment to spending £500 million on our natural environment to drive landscape scale change, including the £65 million Nature Restoration Fund and through new financial support for Nature Networks.

6. Scale up Peatland Restoration by delivering Peatland ACTION funding to projects

We increased our Peatland Restoration output through the Peatland Action programme from last year by 20% to restore 6,100ha. In total, Scotland broke a historic milestone of restoring more than 10,000ha.

Our success in increasing delivery this year stems from continuous improvement in the way we deliver our programme. We have embraced new and innovative approaches to increasing the pace and scale of delivery, as illustrated by our Project Development Support Scheme that reduced the financial risk to landowners from investment in project design.

We have reviewed and updated our technical guidance and provided support for skills development in both the design and delivery of restoration projects.

We also developed our approach to monitoring, ensuring that we capture outcomes for climate and nature as well as recording hectares of degraded peatland put on the road to recovery. For example, we continued to explore the use of satellite imagery to assess change in peatland condition after interventions and supported installation of another flux tower that measures greenhouse gases as land use changes from commercial forestry to restored peatland.

Desired Outcome - We have reduced biodiversity loss **Indicator Performance Trend** Thousands Area (hectares) of 10 Increasing Peatland on Road to 7.5 Recovery 2.5 Q2 Q3 Q4 Q2 Q3 Q4 Q2 Q3 Q4 Q2 Q3 Q4 Q1 20/21 21/22 22/23 23/24 24/25

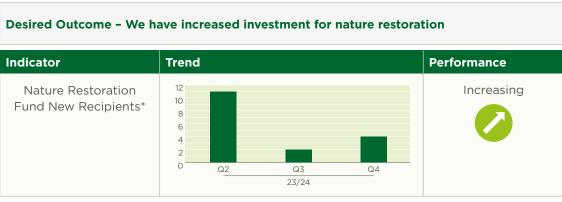
7. Lead, enable and convene others around the development of ambitious and coherent actions to restore nature. Deliver a major Nature Restoration Fund targeted at high impact nature recovery projects and seeding greater investment from the private sector

Seventeen new applicants to the Nature Restoration Fund (NRF) received funding through the programme including a range of applicants such as community trusts, farmers and charities. Since July 2023, NRF now operates on quarterly cycles, which is designed to offer flexibility to applicants about the timing of their applications with Expression of Interest forms accepted all year round.

The highest number of new applicants comes through the Helping Nature funding stream (grants of £25,000 to £250,000). The NRF mid-point evaluation is currently on-going which will gather data from all projects from the start of NRF in 2021/22 to 2023/24 including data on the total area of hectares restored. The NRF evaluation will review delivery against a range of indicators to measure the contribution made to high-level programme outcomes and the impact on the long term-outcomes that reflect the five NRF priority areas.

Projects are now underway through the Nature Restoration Fund - Transforming Nature include multi-year projects on the Peffery catchment near Dingwall and on the Aline catchment in Wester Ross. Other projects include a large Atlantic rainforest project and upland landscape scale habitat restoration. Half of the winners and highly commended projects at the Nature of Scotland awards in November received funding from the Nature Restoration Fund.

We submitted the final Structural Funds claim for the Green Infrastructure Strategic Intervention (GISI), concluding 6 years of work. Funded by the 2014-2020 European Regional Development Fund (ERDF), the GISI made £15 million available to 12 capital infrastructure projects and nine community engagement projects, all located within the 20% most deprived urban areas of Scotland. With funding provided at a maximum intervention rate of 40%, the GISI delivered a total value of £37.5 million of investment throughout the course of the programme. The GISI led the way in demonstrating blue-green (marine and terrestrial) infrastructure's key role in tackling the societal issues we face in many of our urban areas such as, lack of access to poor-quality greenspace, social inequalities, pollution, flooding, noise, areas of multiple deprivation, health problems and limited biodiversity.



^{*} There were no new recipients in Quarter 1



8. Demonstrate how agriculture can be transformed with new approaches to deliver targeted outcomes for nature and climate

This measures the number of farm businesses that carried out an Agri-Environment Climate Scheme (AECS) Farm Environment Assessment or took part in a Biodiversity Audit. As 2023/24 is the first year this measure was included, we are aware that the number in 2023 was slightly lower than previous years but is looking to grow with the Agricultural Reform Programme. The Biodiversity Audit is still at the development stage and therefore the 2023/24 numbers are currently low but are expected to increase in 2024/25.

We assessed around 150 cases through the Agri-Environment Climate Scheme (AECS) totalling over £6m in value and covering 129,000 hectares or 2% of the total land area of Scotland. We have developed a Biodiversity Audit and Farm Biodiversity Scotland app ready for user testing with farmers and crofters in 2024 ahead of a wider roll-out planned in 2025 in support of the Agricultural Reform Programme. We continue to contribute to the development of agriculture support measures within the Agriculture Reform Programme Rural Support Plan.

Desired Outcome - Land managers are motivated to take action to improve nature and climate



^{*} There were technical issues with data collection in Q1 so no data was recorded

Valuing Nature

Outcome: The value of nature is reflected throughout public and private sector policy, underpinning care for nature and investment towards a wellbeing economy

9. Inspire people to connect with nature, increasing appreciation of nature's value through impactful delivery and communication of our work

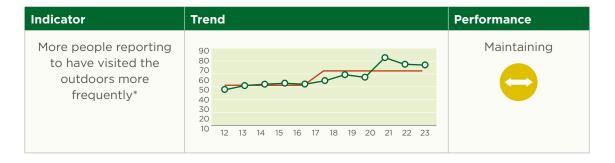
We want to inspire people to have a lifelong connection with nature and enable as many as people as possible to value Scotland's natural environment. This includes inspiring both business and ordinary people to value nature in their day to day activities which includes the development of new environments on land and at sea.

We are scoping the creation of 15,000ha of new native woodland in the Borders Forest Trust area and working with land managers, communities and the investment partners to bring considerable private finance to realise the vision.

The Scottish Marine Environmental Enhancement Fund (SMEEF) is enabling businesses to safely and securely invest in healthier seas. Major projects include a £2.1m investment to plant seagrass through Scottish and Southern Electricity Networks (SSEN).

Desired Outcome - More People visit nature

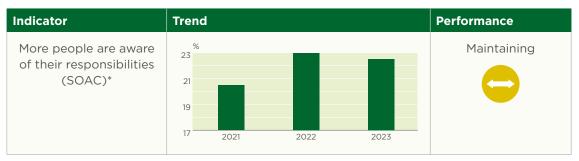
The data source is the Scottish Household Survey which has now reverted to its in-person survey method following the Covid 19 pandemic. Data from 2022 shows similarly elevated levels of outdoor recreation as recorded during the pandemic period. However, data from 2023 onwards will show whether increases in visits to the outdoors have been sustained.





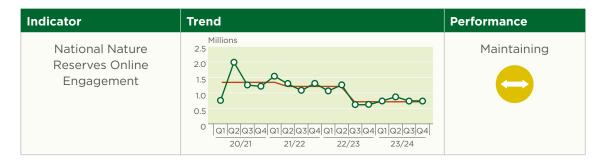
Desired Outcome - More people who visit nature understand their responsibilities

Awareness of the Scottish Outdoor Access Code (SOAC) is monitored as part of our statutory obligations. A new methodology for monitoring was implemented in 2022, and since then three waves of data have been collected and will be reported on once the data is verified.



 $^*2023/24$ data will not be available until after the publication of the Annual Report and Accounts

We manage over 40,000 hectares of land as National Nature Reserves investing in them to improve biodiversity and provide places where visitors can enjoy wildlife. This year we estimate that over a million visitors explored our National Nature Reserves. Over 8,500 people attended events and training, 2,600 people came on learning visits and our volunteers provided 3,500 days on our reserves. Our online engagement reached over 3 million impressions.



10. Influence the regulatory, policy, market and institutional infrastructure needed to stimulate private sector investment into nature

Desired Outcome - Private investment has funded projects that meet Scottish Government **Interim principles**

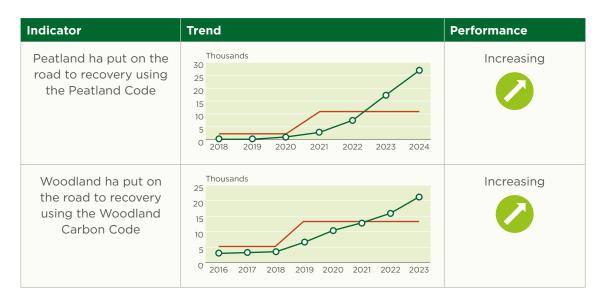
Along with the National Lottery Heritage Fund, we have invested around £4.6m through 35 FIRNS grant awards in projects seeking to attract investment from private sources or to develop market infrastructure that supports high integrity natural capital markets. Most of the main pipeline projects in Scotland are receiving funding from the FIRNS programme, excepting those solely supported by private sector.

All projects are required to follow the Scottish Government's Interim Principles for Responsible Investment (www.gov.scot/publications/interim-principles-for-responsible-investment-innatural-capital/) and Just Transition Principles. Although this work is innovative and carries risk, we expect some of these projects to reach market and investment readiness and deliver restoration on the ground in the near future. We will learn from them all, regardless of their success. A Community of Practice supports the projects and collective learning.

We are at the heart of Scottish Government's Private Investment in Natural Capital programme and expect to deliver a Natural Capital Market Framework in 2024/25. The programme will also design the next generation of blended funds for Scotland that will increase the number and size of nature restoration projects.

In partnership with Scottish Government we are also supporting CreditNature, through Civtech Challenge 8.6, to develop an option for a new voluntary biodiversity market in Scotland that we believe has strong potential to help scale responsible private investment into nature restoration in Scotland. CivTech is a Scottish Government initiative designed to enable technology entrepreneurs to develop innovative solutions to public sector problems working with the public and third sectors through a series of challenge processes. For more information visit www.civtech.scot/.

We have played a central role in the creation of the Wild Heart Expansion Project (WHEP) that is developing a landscape scale restoration project funded through a blended finance model. High integrity and community benefits are at the heart of this project co-developed with local stakeholders.



11. Drive the establishment of Natural Capital as an integral part of public and private business planning and investment decisions at national, landscape and landholding/ business scales

We have developed a prototype landscape-scale natural capital assessment tool that meets the needs of its end users and are piloting this with seven stakeholder groups across the country.

To develop this, a co-design group was formed where a series of workshops were run to identify what sort of functionality the tool needs and what ecosystem services it needs to measure to be useful. These workshops engaged with 117 different people across a range of organisations including public bodies, eNGOs, local authorities, landscape-scale partnerships, natural capital consultants, research institutions and nature finance organisations. Measures to understand the uptake of the approach are under development.

Desired Outcome - The full benefits of nature are included in decision making by public at all scales

12. Promote understanding and awareness of skills and capacity needs for the naturebased sector

We work with a range of partners helping to grow a workforce that can deliver our ambition for a nature-rich Scotland. Our Working for Rivers program supported a further nine graduates on 6 month placements with fisheries management boards. We produced a suite of nine "Working for Nature" short films to inspire young people to seek a career in the nature-based sector and to support engagement with careers services, receiving over 2,700 views so far. In partnership with Skills Development Scotland, we have updated the suite of Land and Nature Apprenticeships to include units on peatland restoration, conservation grazing and naturepositive amenity grassland management. Twenty three Peatland courses were delivered to a mixture of contractors, designers, new entrants and public body employees with over 600 individuals engaging with the content.

We have signed up to the 'Route map towards greater ethnic diversity' in the environment sector. This will help us to create conditions for more minority ethnic people to join us and thrive in our organisation.

Desired Outcome - There are more nature based skills in the Scottish workforce





The NatureScot Way

Outcome: Our passion, inspiration and expertise will put nature at the heart of Scotland's future

13. Deliver new ways of working to stimulate achievement of our ambitions.

This was the first year of implementation of our new operating model centred on short frequency planning cycles with resourcing adjustments in-year happening on a collaborative, cross-directorate basis. This allowed us to refine our prioritisation model and build on the strength of our new ways of working. Between quarters we have moved resources so that they are aligned to changing priorities. This new model provides us with the necessary flexibility in resource deployment to help tackle the nature and climate crises.

This has been an important year for our digital transformation. Our intranet has won a silver award at this year's Intranet and Digital Workplace Awards. The annual global awards recognise outstanding contributions to the fields of intranets, digital workplaces, and digital employee experience.

As part of ongoing work to modernise and digitise our wildlife management systems, we've launched a new online deer management service. The online service is quicker and easier to use and allows a faster processing of applications and authorisations. It has also been recognised and shortlisted in the Geography in Government awards in respect of the innovative integration of geospatial data to support customer applications.

Originating in a CivTech challenge, we have worked with Informed Solutions to apply new technology to our casework service for protected areas. The result is a new product called InformedDECISION©, a fully integrated platform that brings the benefits of artificial intelligence (AI) and automation to the consultation, triage and decision making process for activities that may impact on our most precious nature sites.

In parallel, NatureScot has sponsored three challenges via CivTech 8's 'Innovate for Nature' programme. The challenges we have taken forward in 23/24 will help Scotland develop Nature Networks, plan and assess the health of Protected Areas, and design Biodiversity Credits.

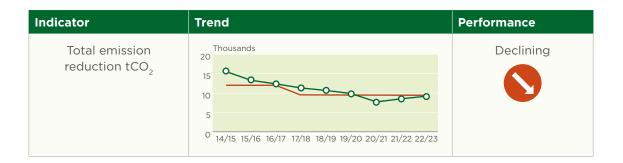
We continued to implement a rolling programme of office reviews at Perth, Cupar, Dunoon and Clydebank, along with releasing space in a number of other locations. This has allowed us to identify the release of approximately 1,900m2 of workspace across seven sites. We have also maintained our focus on our Net Zero Plan, doubling the existing provision of solar panels at Great Glen House in Inverness and providing a battery bank to increase solar energy available for on-site use, helping to reduce the carbon footprint of this Public Sector Hub.

Desired Outcome - We have introduced new ways of working

Our corporate emissions data covers 2022/23 in line with the latest data submitted for the Annual Climate Change Duties Report (ACCDR) in November 2023. The 2023/24 data will not be available until after the 2023/24 ACCDR has been submitted by 30th November 2024 and reviewed and published on the Sustainable Scotland Network website thereafter.

In 2022/2023 our emissions were 914.81 tonnes CO₂.

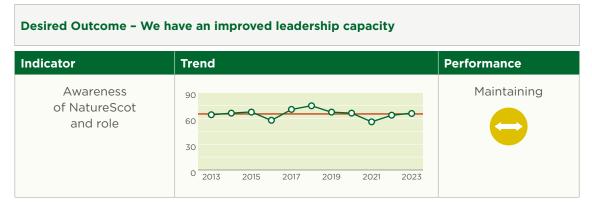
Overall, our emissions have risen by 8.64% this year due to the lifting of COVID restrictions. The largest increase in building emissions was electricity and travel emissions from flights and trains increased. Over the longer term we decreased by 41.5% in Total organisational emissions from baseline year (2014/15). Whilst staff numbers have increased by 6.8% over that period, our emissions per FTE have gone down by 45%.



14. Transform our individual and collective leadership capability.

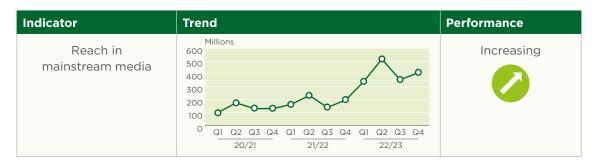
The measure we use to gauge understanding of NatureScot is the level of awareness of our organisation among MSPs. In 2023, 66% of MSPs who took part in our annual survey indicated that they know NatureScot very well or a fair amount. This represents a rise of 2 percentage points from 2022. 57% of MSPs who had heard of NatureScot had favourable views of us, a rise of 2 percentage points from 2022.

However, we saw a decrease in the percentage of MSPs who said that we are effective in our role to 53%, a drop of 12 percentage points from 2022. Our overall calculated rating with MSPs declined by 2 percentage points in comparison to 2022. These factors will direct how we engage with MSPs in 2024/25.

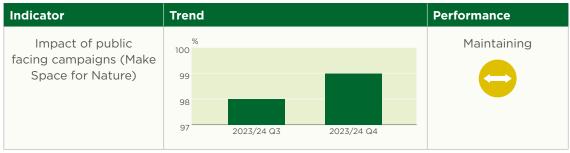


Our media reach continued to increase this year by 12.2 percentage points, with figures missing for the period of 2 February to 4 March 2024 due to our media provider being the victim of a cyber-attack. This reflects the media's continued interest in topics like climate change, biodiversity, species reintroductions, as well as NatureScot being seen as a trusted, reliable source with media officers.

The increase this year is not as high as previous years and this is likely to be due to a combination of factors, such as less coverage of avian flu and a decrease in the public appetite for content about climate change.



The reach of our "Make Space for Nature" campaign continues to grow, with campaign webpage visits totalling almost 127,000 during the year, along with over 8 million social media impressions. Each seasonal phase achieved a consistently high 98% webpage engagement rate, and users spent around 3 mins and 25 seconds on average on the campaign pages.



*Movements during 2022/23 reflect the profile of campaigns

We continue to develop our leadership capability. We have successfully gained 5 places on the Inner Development Goals (IDG) Global Leadership for Sustainable Development programme. We are now a part of a UK network, connected to international practitioners, implementing this leadership framework, which supports the achieving of the UN Sustainable Development Goals. We are also at the early stages of integrating the IDGs into our Learning Framework.

We continue to embed our coaching culture, with internally trained and qualified coaches available to all colleagues. This approach will be strengthened by our launch of Career Conversations for all in 2024/25. This includes specific training for leaders and managers on career coaching.

We track our performance through regular Pulse Surveys. We have seen improvement in our leadership measures. For example, 65% of respondents in 2023/24 thought that 'Senior leaders in NatureScot are visible and approachable', a 10% increase from September 2022 (55%). 'Confidence in Senior leaders' has also increased by 6% to 63% from September 2022 (57%); and 96% said they 'had a Performance Development Conversation (PDC) in the last 12 months', a 10% increase from the previous year.

15. Sustain our focus on developing a happy and resilient workforce.

Equality, diversity, and inclusion remain at the heart of everything we do as we mainstream equality into our day-to-day work.

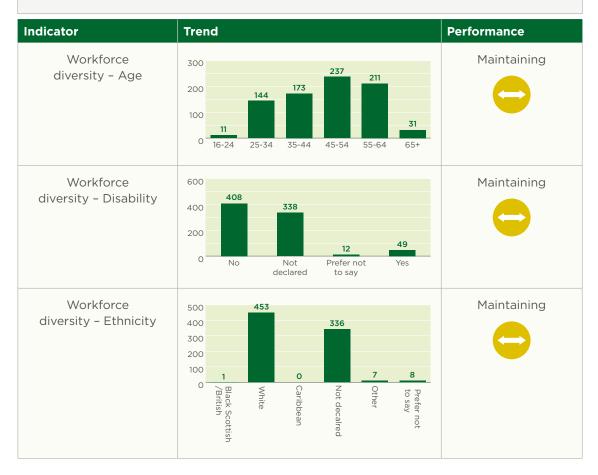
We are committed to achieving the Equality Outcomes set out in the NatureScot Equality Report 2023. Our aspiration is to build and support a more inclusive and diverse organisation; to contribute towards increasing the diversity of the wider environmental sector; and, to encourage under-represented groups to connect with nature. There has been significant progress this year, with an increased response rate for colleagues sharing their equality, inclusion and diversity data, rising from 25% to 59%.

Our corporate culture, the NatureScot Way, is championed by our Employee Networks and network allyship. These communities of practice support the organisation through their collective voice, the delivery of equality and wellbeing campaigns, and their collaboration with external groups and peers. In response to suggestions from employees, we have recently launched a new Age Positive network to tackle issues that typically affect older employees. The Age Positive network will work in collaboration with our existing networks; Disability, Ability, Wellbeing and Neurodiversity Network (DAWNN), LGBTQ+, Women's Network, Multicultural Network, Young Employee Network.

Alongside our team of Change Partners and our Trade Union partnership, the Employee Networks provide feedback on programmes of change, amendments to policies and processes, and equality impact assessments (EqIA). We are committed to providing flexible working opportunities, employee benefits and support such as our Employee Assistance Programme which all support people with specific protected characteristics into employment with us.

We have also implemented our "Inclusive Recruitment" action plan and have adopted the practice of providing interview questions to candidates ahead of interviews. This has been well received and demonstrates our commitment to supporting and encouraging applications from neurodiverse candidates.

Desired Outcome - A diverse and inclusive workforce.



Valuing our employees is integral to the culture we want to achieve through the NatureScot Way. We are delivering our People Strategy and seeing significant improvement in our employee satisfaction indicators. Our main Engagement Index has improved, with a score of 6.75, compared to 6.5 in July 2022.

Risk Analysis

NatureScot has a suite of policies and processes to manage risk at a project, activity, and corporate level. At the end of the year, ten risks were being managed through the corporate risk register as below.

Reports to the Board on the key risks and risk movements are presented quarterly. The greatest risks faced this year are summarised in the Performance Report. The Audit and Risk Committee provides assurance to the Board about the robustness of our organisational approach to risk management and the quantification of risk appetite which is how we assess how much risk we are prepared to take in pursuit of our objectives. We reviewed our risk appetite during the year and no changes were made to the overall position, although our risk appetite for taking actions to tackle biodiversity loss will be closely monitored.

The ARC undertakes thematic deep dives to understand better risk factors relating to corporate risk and scrutinise the effectiveness of the risk management strategy and controls. This year a deep dive was undertaken into Nature Finance and, as a result, a further nature finance risk was added to the corporate risk register. This will capture the importance of ensuring a pipeline of private finance and the potential reputational risk for NatureScot in managing private finance initiatives appropriately.

A risk maturity model is used to assess the quality of practice of risk management in NatureScot and provides assurance to the ARC and Board that NatureScot is maintaining high standards in its risk management practice and seeking continuous improvement.

The Senior Leadership Team and Board regularly scan the horizon for risks and uncertainties facing NatureScot to inform strategic priorities and the threats to the delivery of NatureScot's overall mission, corporate and business plan objectives as part of our regular cycle of meetings.

Risk	Summary Description	Impact	Likelihood	Risk Evaluation
586 - Structural Funds - failure of programme delivery and/ or funding mechanism	As a result of any delays/ slippage/errors by the Managing Authority, NatureScot and/or grantees in the management of structural funds, there is a risk that NatureScot and/or grantees may be exposed to financial stress and disallowance of the funds.	5	4	Very High
393 - Future Funding of NatureScot	As a result of on-going reductions in public expenditure or new cost pressures there is a risk our grant-in-aid settlement may not match statutory and fixed costs as well as corporate plan priorities.	4	4	High
47 - Computer Virus/Malware	Inadequate protection, or inappropriate system use, including accidental activation of email links by that lead to malware downloads, there is a risk that NatureScot systems becoming infected with a malware or virus	4	3	High

Risk	Summary Description	Impact	Likelihood	Risk Evaluation
253 – Peatland restoration target and budget.	As a result of the immature and complex operating environment, there is a risk to: meeting the annual Peatland ACTION restoration hectare target; and spending the annual budget.	4	3	High
71 - Delivery of Agri Environment Climate Scheme under the Service Level Agreement with Scottish Government	Failure to meet requirements under the SLA, NatureScot opens itself to significant financial risk consequent to audit findings and, as a result, reputational risk relating to its competence	4	1	Medium
646 - Weakened Reputation	As a result of NatureScot actions that are out of line with our strategic vision and purpose and goal as expressed through our Brand and Corporate Plan, there is a risk that our reputation would be weakened.	4	1	Medium
85 - Adapting to Strategic Change	Unpreparedness for drivers of strategic change there is a risk that our responses may be misjudged or delayed. This could lead to increased costs in the future, poor outcomes for people and nature, and reputational damage.	3	3	Medium
137 - Staff resource management	As a result of the need to match demands for staff time with available capacity and skills, there is a risk that NatureScot does not make effective use of its staff resources to deliver its Corporate Plan outcomes.	3	3	Medium
645 - Biodiversity Loss	As a result of not raising awareness, inspiring or persuading stakeholders to take the actions needed to reduce biodiversity loss that are within our influence, there is a risk that we will fail to demonstrate sufficient progress in tackling the biodiversity crisis.	3	3	Medium
21 - Budget Management	Inadequate management and monitoring of the variables around allocation and spending of our grant in aid would increase the risk that NatureScot will significantly underspend or overspend on our annual budget.	2	3	Medium

Looking Ahead and Future Plans

We already have a vision for tackling the dual climate and nature crises. The 2030 target of halting the loss of biodiversity requires a national endeavour to save nature and by 2045 Scotland is aiming to have restored and regenerated biodiversity across our land and seas. Looking forward, the Scottish Government's Biodiversity Strategy will set the focus for a national effort towards the restoration and protection of nature. The Strategy is a call to concerted effort across the whole public sector and society to tackle the nature-climate emergency. We have a critical role in mobilising action and a key role in forging the partnerships needed to make things happen.

International agreements on climate change and reversing biodiversity loss are an annual occurrence and are ramping up the pace of nature positive action. They shape our vision and activity in Scotland. We will continue to strengthen ties around the globe to protect, restore and value nature.

This coming year we will build on vitally important work already in and across Scotland, from landowners and managers to farmers and crofters, fishermen and small business to academic establishments and tech innovators. It's vital that the whole of society participates. Inevitably, the call is to focus on high impact, quick but lasting action that targets the most critical activities to boost the pace and scale of nature restoration in Scotland. So we are heightening our focus on four key areas which we have planned out in the following way:

- A focus on agricultural transformation and land use change, working with all land managers so that a renewed partnership ensures that the benefits of nature restoration are fairly shared and strengthens the resilience of the rural economy.
- Directed effort into nature expanding out from land and marine Protected Areas, where safeguarding 30% of Scotland's special nature locations by 2030 - including at least one new National Park - provides added strength to the network so that we build resilience into our existing natural assets and response to climate change.
- We will work to create the conditions for increasing public and private nature finance
 in Scotland, which is essential to stopping nature's decline by 2030. Our support for
 cutting edge, high integrity investment models and projects leads to developers meeting
 obligations for positive effects on biodiversity and climate in Scotland.
- A strengthened approach to species management such as deer, beaver, and invasive species for positive nature outcomes. We will work in partnership to secure a resilient rural economy whilst ensuring the necessary regulatory framework is in place to underpin nature recovery.

In addition, our resources will continue to support our digital transformation to deliver innovation in the services we provide for our stakeholders and teams. This will help support our wider efforts towards Public Service Reform.

Financial, Environmental and Social Summary

Financial performance

Budget and cash funding

Each year a budget is agreed with Scottish Government (known as Departmental Expenditure Limit or DEL). This is to cover cash costs, accrued expenditure (capital and operating), net of income from other sources and non-cash costs of depreciation, amortisation and certain impairments.

The budget allocations by Scottish Government and budget revisions during 2023/24 are shown in the table below:

Budget category	Per Budget Act (£000)	In-year budget revisions (£000)	Final budget for 2023/24 (£000)
Resource DEL	52,168	6,483	58,651
Non-cash Resource DEL	2,150	723	2,873
Total Resource DEL	54,318	7,206	61,524
Capital DEL	6,800	11,984	18,784
UK Funded AME	-	809	809
Total DEL budget	61,118	19,999	81,117

Included within the Resource DEL of £58.651m (including in-year budget revisions) was a ringfenced amount payable to JNCC of £1.157m.

The in-year ring-fenced budget revisions of £19.999m related to:

- £14.250m for Peatland Restoration;
- £1.800m for FIRNS;
- £1.600m for Nature Restoration Fund;
- £0.770m for Farming with Nature (previously the Natural Capital Pilot Programme);
- £0.384m for IFRS16 Capital Leases;
- (£0.512m) for IFRS16 Lease Payments;
- (£0.300m) for Better Places Fund Savings;
- £0.809m for various AME including Impairment Losses and Provisions;
- £0.723m for IFRS16 Lease Depreciation;
- £0.475m to fund a variety of other initiatives.

The in-year budget revisions of £19.999m were lower compared to 2022/23 (£22.515m) due primarily to decreased budget allocations for Peatland Restoration, Nature Restoration Fund and Farming with Nature in 2023/24.

A budget relating to Annually Managed Expenditure (AME) of £0.809m was provided by Scottish Government. In the context of NatureScot operations, this provides budget cover for any new provisions, certain changes relating to provisions, corporation tax and also revaluation gains or losses where they relate to changes in asset values from volatile markets. In 2023/24, a provision for Structural Funds ineligible ERDF was included for 0.865m relating to the Final Claim in addition to the Dilapidation Provision release relating to Silvan House for (£0.282m).

The financial statements showing the results for the year start on page 79.

We are required to manage the Out-turn within the Scottish Government budget limits:

For 2023/24, the DEL budget limit was £80.308m. NatureScot incurred £79.468m net expenditure against this limit, which resulted in an underspend of £0.840m (2022/23: £0.899m underspend after approved underspend of £1.150m). After the approval to

underspend of £0.723m this resulted in an underspend of £0.117m. This is analysed as follows:

- Overspend of £0.122m against Resource DEL budget due to overspends in Paybill, Project Allocations and Ring-Fenced Programmes;
- Underspend of £0.077m against Non-cash Depreciation of £2.873m due to slippages in asset purchases and IFRS16 Right of Asset lease start dates;
- Underspend of £0.162m against Capital DEL budget of £18.784m due to IFRS16 Right of Use Assets in budget which no longer qualify under IFRS16 (£0.320m).
- The Out-turn against the AME budget was an underspend of £0.683m. This is primarily due to asset revaluation net gains of £0.115m rather than budgeted revaluation losses of £0.150m and the Structural Funds Expected Credit Loss (ECL) and Government Grants provisions being £0.382m less than budgeted.

Our cash budget allocation was £77.564m (Resource and Capital DEL) and we drew down £76.47m of this. The difference of £1.094m represented the forecast underspend relating to Peatland ACTION and the Nature Restoration Fund due to the uncertainty with the 2024-25 Budget Allocations and multi-year projects at the time of drawdown. The final Out-turn for Indirect Capital for 2023-24 was an overspend of £0.120m against a budget of £16.600m.

Out-turn for 2023/24

The final Out-turn against budget for 2023/24 is shown in the table below:

Budget category	Out-turn (£000)	Budget (£000)	Approved Under- spend* (£000)	(Under)/ Overspend (£000)
Net expenditure per accounts	77,693	-	-	-
Expenditure/income adjustments for budget purposes	(18,920)	-	_	_
Operating cash costs	58,773	58,651	_	122
Operating non-cash costs	2,073	2,873	(723)	(77)
Resource DEL costs	60,846	61,524	(723)	45
Capital DEL costs	18,622	18,784	_	(162)
Out-turn against DEL budget	79,468	80,308	(723)	(117)
Revaluation losses	(115)	_	_	_
Increase in provisions	(297)	-	_	-
Expected credit losses & govt grants	483	-	-	_
IFRS16 peppercorn depreciation	45	-	-	_
Corporation tax	10	-	-	-
Out-turn against AME budget	126	809	-	(683)

^{*} Approval to underspend by £0.723m was given by Scottish Government and this has been discounted from the Out-turn arising against NatureScot's Resource DEL budget allocation at the end of the financial year. This relates to the addition of IFRS16 right of use asset depreciation by the Scottish Government to our existing non-cash depreciation budget which was not necessary as the original budget was sufficient to absorb depreciation for both our non-current assets and right of use assets.

Budget out-turn notes	
Operating cash cost adjustments	£000
Depreciation and amortisation	(2,119)
Revaluation gains on property, plant and equipment	115
Capital grants, classified as capital	(16,720)
Income funding the purchase of capital assets	-
Decrease in provisions	297
Capital grant in kind	-
Decrease in expected credit losses, classified as AME	25
Government grants provision, classified as AME	(508)
Corporation tax expense, classified as AME	(10)
	(18,920)
Operating non-cash costs	
Depreciation and amortisation	2,073
Capital additions and income	
Heritage, property, plant and equipment and intangible assets	2,032
Income funding purchase of capital assets	-
Capital grants, classified as capital	16,720
Net book value of asset disposals	(130)
Capital grant in kind	
	18,622

Income from operating activities during the year was £19.381m (2022/23: £7.444m). The increase was mainly due to the increase in funding for Structural Funds (note 11).

Significant capital asset additions during the year included:

_	Internally developed software - Species and Deerline licensing	£0.457m
_	IS infrastructure investment - End user devices	£0.237m
_	Great Glen House - AC units replacement	£0.271m

NatureScot had net current assets of £22.681m at 31 March 2024 (2022/23: net current assets of £11.073m). The increase is due to the higher levels of cash and receivables at 31 March 2024 as a result of Structural Funds - further analysis is shown in notes 19 and 20.

Financial Sustainability

Whilst core grant in aid has remained static in recent years, new funding opportunities have arisen in support of our objectives. These are forecast to grow further in future years. We prepare for the impact of this by preparing a longer-term financial plan with scenario plans reflecting increases and reductions to core grant in aid and other income streams. Our investment in smarter ways of working and concentration on the priority work will identify areas where we can reduce our costs and continue to deliver on our Corporate Plan ambitions.

Best Value

We continue to deliver best value in line with the duty set out in the Scottish Public Finance Manual (SPFM) issued by Scottish Ministers and the revised statutory guidance on best value (2020).

In keeping with the best value themes, we did this through:

- our corporate plan, business plan and 90 day plans which clearly articulate our vision and leadership role addressing biodiversity loss and leading on nature-based solutions to climate change.
- our governance and accountability, reflected in our management structure, policies and leadership, which sets out clear lines of responsibility and reporting, as well as robust systems used in decision-making, budget and risk management.
- the monitoring of our performance, which is tracked throughout the year and reported quarterly to our Senior Leadership Team and Board to ensure we are meeting our targets and outcomes as they relate to the National Performance Framework and the Programme for Government.
- our approach to how we manage our resources though the continuous monitoring of our projected income, expenditure and capital investment plans, maximising efficiencies for the procurement of goods and services, and in how we deploy and make best use of our people, property, land and information technology to deliver our outcomes.
- our approach to partnership working and collaborative working, which underpins much of what we do, involving building positive, mutually beneficial relationships with other
- Enhanced climate change training and guidance for colleagues and the introduction of our net zero plan as we ensure that sustainability is factored in to how we operate through our procurement practice, the efficient use of our offices, and our approach to travel and how
- Our approach to equality and dignity at work, which underpins our values and behaviour, both in the treatment of employees and how we conduct our business.

Social Inclusion

Our priority is to lead nature restoration in Scotland, addressing the twin crises of biodiversity loss and climate change, leaving no community behind and sharing the benefits fairly. To achieve this just transition to a nature positive and netzero Scotland, we need to inspire people to connect with nature, increasing appreciation of nature's value, through impactful delivery and communication of our work and through the increasing diversity of our sector.

In planning and delivering our work we use evidence to guide us and a new phase of national survey work started in 23/24 to gather insight into people's knowledge, attitudes and behaviours towards nature, including those from socially and economically disadvantaged backgrounds. The first results are expected from 2024/25 onwards.

Throughout 2023/24, we have continued to work with disadvantaged groups and communities to help remove some of the barriers that people can face in connecting with nature. We also engaged representative bodies of these groups in strategic work on biodiversity, green skills and jobs, and National Parks. The information below covers some of the key highlights of this work.

Our Make Space for Nature campaign provides practical, season-specific tips to inspire action that helps reverse nature loss and fight climate change. Through a targeted approach informed by NatureScot's covid pandemic lockdown survey data, we reached out to specific groups including young people, members of the minority ethnic population, and families. Using a mix of platforms including Facebook, Instagram, Snapchat, and TikTok, along with traditional print media and a dedicated podcast series, we achieved high engagement rates across these audiences. To further expand our reach, we collaborated with influential social media figures including The Hillwalking Hijabi, Chris Lawlor, and Less Waste Laura, amplifying our messages to their followers and ensuring our campaign resonated with a broader and more diverse audience.

Scotland's natural environment is important for people's health and wellbeing. 23/24 saw the conclusion of the demonstration phase for the four Green Health Partnerships (GHP), established as the core element of NatureScot's Our Natural Health Service programme. The four GHPs, established between 2017 and 2018 in Lanarkshire, Dundee, North Ayrshire and Highland, aimed to co-ordinate, up-scale and mainstream use of the natural environment as a health asset. Led by the local health board and local authority, each GHP has developed ways to connect more people to nature and its benefits for health and well-being, from promoting everyday contact with nature (recreation, active travel, etc.) through to specific nature-based health promotion initiatives and the development of green referral and/or prescribing pathways. A public health funded evaluation of the latter, carried out by the University of Hertfordshire, found reported improvements in a wide range of physical and mental health, and social outcomes for service users. It concluded that the pilot GHPs had demonstrated their potential to mainstream the use of green health to contribute to improved physical and mental health and wellbeing outcomes, and tackling health inequalities.

Our work to increase visitors to our National Nature Reserves (NNRs) from under-represented groups has continued. For example, our beach wheelchairs and involvement with Pony AxeS at St Cyrus NNR enabled people with disabilities to experience the wonderful nature on the beach. St Cyrus NNR also hosted a number of Branching Out visits, supporting adults who use mental health services in Scotland. At Tentsmuir NNR we hosted 6 people from Day of Access a covid remembrance project. Tentsmuir also hosted 25 Dundee carers and we visited the Community Roadshow at the nearby Larick Centre to reach new audiences. Path improvements to improve accessibility were carried out at Morton Lochs. At Creag Meagaidh NNR we continued to support Rural Skills pupils and we hosted Shinty Memories Scotland,

a project set up to help people with dementia and facing social isolation. At this NNR, we have also developed a partnership with the Royal Marines - Project Artemis - to allow service people to gain training to help them adapt to civilian life and help them get over posttraumatic stress disorder.

Our funding support for partners such as Paths for All, The Conservation Volunteers, Volunteering Matters and the John Muir Trust continued and through them we funded a number of projects that involved under-represented groups. The flagship Green Infrastructure Strategic Intervention (GISI) and Natural and Cultural Heritage Fund (NCHF) external funds, which focused on connecting people with nature prioritising marginalised communities and groups, came to a close. Among other benefits, the GISI projects led to women feeling safer in the improved greenspaces because of the increased numbers of people in them. The beneficial calming effect of nature on pupils with addition learning needs was also noted. The NCHF social inclusion benefits included reducing loneliness and social isolation, and people in rural areas developing new skills.

During 23/24 our nature-based jobs and skills work continued to raise awareness amongst under-represented groups of environmental jobs and skills. For example the Green Jobs for Nature project and our sign-up to the Routemap for greater ethnic diversity in the environmental sector.

Our Response to Climate Change

In 2019, the Scottish Government declared a climate emergency. NatureScot supports the commitment for urgent action to transform how we live and work. In response, we published our Climate Change Commitments - www.nature.scot/snhs-climate-changecommitments-2019. Climate change presents the single greatest threat to Scotland's nature, but we can use nature-based solutions to help realise three interlocking benefits of contributing to:

- addressing the global biodiversity crisis, with habitats and species threatened not only by climate change but also by changing use of land and sea, direct exploitation, pollution, and invasive non-native species.
- reducing net emissions contributing to global efforts to moderate future climate change.
- adapting our society and economy to climate change that we are already locked into.

The first benefit of addressing the global biodiversity crisis underpins the role of NatureScot and is described within the Performance Report. Our role in the second benefit of reducing net emissions is presented in our Net Zero plan - www.nature.scot/doc/naturescot-net-zeroplan, which presents NatureScot's view of how we can achieve Net Zero by 2035. Progress towards our stretch Net Zero target is outlined in the Sustainable Development and Net Zero Emissions section of this Annual Report and Accounts.

During 2023-24, we progressed the third area by developing our first Climate Change Adaptation Framework and accompanying 2024-25 Adaptation Plan, with the aim of publishing both in Quarter 2. The Plan has already fed into our business planning, and will be updated annually.

The Framework and the Plan focus mainly inward, on our organisational culture, processes and capacity. Their development has aligned with that of the Scottish National Adaptation Programme (SNAP3; a draft was consulted on by Scottish Government in January-April 2024). Our Adaptation Framework also aligns with the emerging Scottish Biodiversity Strategy Delivery Plan. There are significant overlaps between these documents in terms of influencing choices in how land and sea are used and managed, and the associated distribution of costs, risks and benefits.

Our Adaptation Framework and Plan provide valuable insights into the status or readiness of adaptation across NatureScot, including the need for consideration and actions on governance, leadership and resourcing. In summer 2024 we are focusing on integrating the climate change risks identified in the Framework with our Corporate Risk Register, which will help us foreground and communicate climate change risks in our work. We will now ensure the pivot to a climate risk-led approach contributes to our work on demonstrating the key role of nature-based solutions (NbS) in both reaching net zero and adapting to climate change.

In addition, several hundred colleagues from across NatureScot have now completed the Climate Literacy for Procurers training provided by Scottish Government. This is mandatory before staff run projects and make purchases, and the completion numbers are incorporated into our Net Zero Measures. Actions such as this that promote consideration of sustainability and potential carbon impact in procurement will also help us establish the costs associated with our organisational adaptation to climate change.

Sustainable Development and Net Zero Emissions

The corporate emissions data covers 2022/23 in line with the latest data submitted for the Annual Climate Change Duties Report (ACCDR) in November 2023. The 2023/24 data will not be available until after the 2023/24 ACCDR has been submitted by 30th November 2024 and reviewed and published on the Sustainable Scotland Network website thereafter.

In 2022/2023 our emissions were 914.81 tonnes CO₂.

Overall, our emissions have risen by 8.64%, 842tCO₂ (2021/22) to 914.81tCO₂ (2022/23) compared to the previous reporting year. Whilst there was a slight decrease in helicopter use, these have been offset by increases in travel and building emissions. The largest increase in building emissions was Electricity that increased by 19 tonnes CO,. Travel emissions from flights and trains increased as travel restrictions from COVID years were lifted and staff started to travel more, along with an increase in emissions from diesel 4x4 use. Our number of full-time equivalent (FTE) persons employed during the year was 714 compared to 686 in the previous year, which will impact our figures. Overall, we decreased by 41.5% in Total organisational emissions from baseline year (2014/15). Whilst staff numbers have increased by 6.8%, our emissions per FTE have gone down by 45%.

We are continuing to replace our petrol and diesel car and van fleet with electric vehicles and plan to have this completed by 2025. This is in line with the Scottish Government's target to phase out petrol and diesel cars and vans. During 2022/23 we added a further 11 electric vehicles to our fleet. At the time of ACCD reporting in November 2023, our core car and van fleet is 48 with 38 of these being electric. To support the transition to electric vehicles we continued to install EV charge points at our sites including at Golspie, Lochgilphead, Kinlochewe, St.Cyrus and Aberdeen completed in 2022/23 - bringing the total charging ability to 81 vehicles across all the sites completed to date.

CO, travel savings will accelerate even further when the market provides a cost-effective, zero emission replacement for our 4x4 vehicles. A programme to streamline our fleet, is delivering ongoing savings in CO₂ emissions, but also delivering against wider environmental concerns such as NOx (nitrogen oxides) and PM (particulate matter) emissions.

The NatureScot Estates Strategy continues at pace with a number of location-based reviews undertaken over the past year identifying potential opportunities to co-locate with other public sector organisations to reduce costs and carbon. The relocation to Meadowbank House in Edinburgh to co-locate with Registers of Scotland was completed in July 2023. We have reduced our space by 393sqm with 35 people sharing 15 desks. We have also reduced the floor space occupied at our Inverness headquarters to manage vacant space. Trees for Life and Social Security Scotland have moved in during the past 12 months. Dunoon and Cupar offices are scheduled to relocate to new premises with Argyll & Bute Council and Fife Council over the summer with both relocations to properties with improved Energy Performance Ratings. Options reviews are ongoing for our Galashiels and Clydebank offices with relocations anticipated during the We continue to actively look at other locations where suitable opportunities arise.

In terms of renewable projects, the upgrading of the solar PV system at Great Glen House was completed in April 2024 and we are currently awaiting the updated Energy Performance Certificate following the commissioning of this system. Analysing the power usage at Great Glen House following completion of the installation has demonstrated that NatureScot have saved approximately 30,000 kW/h of power over a three-month period showing the benefit of this new installation.

An analysis of all NatureScot properties has been undertaken outlining the scope of works required at each site to achieve Net Zero where possible. A draft programme of works was put together, but this was put on hold due to budgetary constraints.

Our Net Zero plan - www.nature.scot/doc/naturescot-net-zero-plan continues to lead us in our efforts and is based on the continuous development, guidance, and plans provided by Scottish Government and others. There will be no such thing as a 'final version' as it will be in constant review. We have developed Net Zero Measures of success that will provide a graphic tool that will help monitor our progress against the plan, and work will continue on this when resources are in place.

The plan presents NatureScot's view of how we can achieve our ambition to be Net Zero by 2035, with a 2040 zero direct emissions. Addressing the nature and climate crises requires action at all levels, from the highest policy to the actions of communities, organisations like NatureScot and individuals. Our Net Zero plan highlights how NatureScot stands ready to play its part in supporting that transformation so that Scotland can meet the exacting and necessary targets set by the Government.

We introduced a salary sacrifice scheme to enable more staff to drive ZEVs (or ULEVs) in April 2023. NatureScot has partnered with Tusker to provide a scheme that allows staff to purchase an Ultra Low Emission Vehicle (ULEV) through salary sacrifice. The scheme contributes towards the general effort of achieving Net Zero but is also a cost-effective way of running a greener vehicle.

During June 2023 we ran a Travel survey to measure impact of home to work travel and associated CO₂ emissions. We used the online Zero Waste Scotland Commuter tool. Results were: Number of commuters - 686, Total mileages - 1,092,507, Total CO, emissions - 129,149 kg. Private car use remains the most used mode of transport, followed by car share, cycling, train, bus, walking and ferry. The survey ran for 4 weeks, had 301 responses and the result is on a 'per capita' basis - number of miles travelled by each mode of transport is divided by the number of responses to get a miles per mode of transport per respondent. This is then multiplied by the total number of FTE employees to get a scaled estimate. The purpose of this tool is to assist organisations in quantifying their Scope 3 emissions associated with home to work travel. The surveys revealed that overall carbon emissions from commuting increased compared to 2022 figures. 17% increase in mileages travelled with a 31% increase in kg of CO,. As expected, we are travelling more as more of our offices have re-opened and staff are attending more meetings, conferences, and site visits. However, 2023 figures still show a 76% reduction compared to our pre-lockdown figures and how we used to travel. At NatureScot we are retaining our approach to avoiding the need for travel and continue to promote the use of online tools for meetings and events which has had a positive impact on inclusivity, however we recognise there are times when face to face meetings are important.

During September 2023 we took part in SG Climate Week. Throughout the week we provided lots of information and organised a climate related event each day. The event is aimed at staff to raise awareness and to normalize climate conversations, discussing what the organisation's role is and promoting ways we can all take action on climate change.

Our flexible, hybrid approach, with employees working between offices and at home, will continue. We have a presence at 41 sites including Office space and NNR operational buildings. Staff are located at the majority of those sites as per working preferences decision (Permanent, Regular, Occasional Homeworker) or seasonally. We have a total of 149 buildings ranging from large offices, conference centres to workshops, deer larders and storage sheds. There are a mix of properties that we own and lease on both on NNR's and Offices. Currently we have staff presence at 14 NNRs, we own 9 offices which we share with 20 other organisations, providing office services for all the partners. NatureScot also has a presence in another 18 buildings which are provided by our partners. NatureScot is aligned to the Scottish Governments strategy for a Single Scottish Estate.

NatureScot records, and thoroughly reviews, all Information Security incidents. As with previous years, NatureScot had no significant data-related security incidents during 2023/24.

We continue to carry out monthly network security testing of our perimeter infrastructure and have expanded our scope to include our web resources and some external partners that hold NatureScot data. We work closely with other organisations in Scottish Government both sharing threat intelligence and to ensure that we continually improve the way we manage our sensitive systems and information.

NatureScot has mandatory, monthly cyber e-training & learning for all employees to reduce the risk of phishing emails being successful. We continue to maintain our employee compliance for completion of training at 93%. NatureScot re-certified for Cyber Essentials during this period. We review our mitigation strategy on an ongoing basis, using any incident to check the effectiveness of our controls and identify any opportunities for improvement.

Supplier Payment Policy

Our ambition is to comply with the Scottish Government's Better Payment Practice Code. We therefore aim to pay invoices within 10 days from the receipt of goods and services or the presentation of a valid invoice, whichever is later - the target is 95%.

In 2023/24, 89% of invoices were paid within the 10-day target (2022/23: 86%). We made nil payments during the year for compensation under the Late Payment of Commercial Debts Regulation 2013 (2022/23: nil).

The increase in performance compared to 2022/23 was due to FUSION system issues during late summer of 2022 which have now been resolved.

Nature Conservation Orders made during the year to 31 March 2024

The Nature Conservation (Scotland) Act 2004 (2004 Act) came into force on 29 November 2004. The provisions of Section 23(1) ensured that all Nature Conservation Orders (NCOs) and Special Nature Conservation Orders in place before that date continued in force as NCOs under the 2004 Act. It remains our view that these orders should be used only as a matter of last resort where there is a direct threat to the natural features of an SSSI and/or a European site.

At the end of March 2024 there were six NCOs in force, with another four Amendment Orders, giving an overall total of ten orders in force.

As required by Section 28 of the 2004 Act (as amended by Regulation 9 of the Conservation (Natural Habitats, &c.) Amendment (Scotland) Regulations 2004), we report that during 2022/23:

- no new NCOs were made;
- no existing NCOs were amended;
- no existing NCOs were revoked.

Further information on NCOs can be found on our website at Nature Conservation Order.

Francesca Osowska

Chief Executive and Accountable Officer

16 December 2024



Corporate Governance Report

Directors' Report

Information relating to membership of the Board, the Senior Leadership Team and on the auditors of NatureScot.

NatureScot Board and Committees

NatureScot has a non-executive Board, which is supported by the Scientific Advisory Committee (SAC), the Protected Areas Committee (PAC) and the Audit and Risk Committee (ARC). Members of the PAC and ARC committees are appointed from the NatureScot Board. The Chair of SAC is appointed from the NatureScot Board and all other SAC members are recruited by open recruitment. NatureScot Board Members are appointed by Scottish Ministers initially through a process of open competition for a 4-year period. Consecutive terms up to a maximum of 8 years may be approved by Scottish Ministers based on an annual review of performance. The membership of the Board at 31 March 2024 was as follows:

	Appointed to NatureScot Board	Term	Date at which current term of appointment ends
Colin Galbraith (Chair)*	28 June 2023	1st	27 June 2027
Mike Cantlay (Chair)*	15 May 2017	3rd	14 May 2023
Aoife Martin (Deputy Chair)	1 April 2016	3rd	31 March 2024
Colin MacPhail	1 April 2021	1st	31 March 2025
Peter Higgins	1 April 2021	1st	31 March 2025
David Johnstone	1 April 2021	1st	31 March 2025
Ian Gambles	1 April 2021	1st	31 March 2025
Wayne Powell	1 April 2021	1st	31 March 2025
Heather Reid	1 April 2021	1st	31 March 2025
Nikki Yoxall	1 April 2021	1st	31 March 2025
Margaret Davidson	1 September 2022	1st	31 August 2026
Jaboury Ghazoul	1 September 2022	1st	31 August 2026
Jill Robbie	1 September 2022	1st	31 August 2026

^{*}The Board appointment of Mike Cantlay (Chair) ended on 14 May 2023. Colin Galbraith was appointed to the Board, taking up the role of Chair on 28 June 2023.

The full biographies for our current Board members can be found on our website: Board, Directors and Committees

NatureScot aims to be an open and accountable organisation. There were seven NatureScot Board meetings, two SAC meetings, four PAC meetings and four ARC meetings held in 2023/24 and included open sessions, which the public were welcome to attend. All agendas and open session minutes of Board meetings can be viewed and downloaded from the NatureScot website. Open session Board papers are available to download from the NatureScot website, five days before the meetings.

A register of interests is available on the NatureScot website: Register of Interests -NatureScot Board and Committees

Board members have a corporate responsibility for ensuring that NatureScot fulfils its statutory duties and the aims and objectives set by the Scottish Ministers, and for promoting the efficient and effective use of employees and other resources in accordance with the principles of Best Value.

The Chair is responsible to the Scottish Ministers, on behalf of the Board, for ensuring that NatureScot's policies and actions support delivery of its statutory functions and the wider strategic policies of the Scottish Ministers and that NatureScot's affairs are conducted with probity. The Chair shares with other Board members the corporate responsibilities set out above for the NatureScot Board and, in particular, for ensuring that NatureScot fulfils the aims and objectives set by the Scottish Ministers.

In addition, the Chair will ensure that all members of the Board, when taking up office, are fully briefed on the terms of their appointment and on their duties, rights and responsibilities. The Chair will advise the Scottish Ministers of the needs of NatureScot when Board vacancies arise, with a view to ensuring a proper balance of professional and financial expertise; he will also assess the performance of individual Board Members on an annual basis.

Senior Leadership Team

The responsibilities of our Senior Leadership Team, who were in post after 1 April 2023, are set out below. Full biographies can be found on our website NatureScot Senior Leadership Team.

Francesca Osowska

Chief Executive

Francesca leads NatureScot's work to protect, restore and value nature all across Scotland. Working closely with a range of partners including eNGOs, land managers, those who work on the sea, businesses, government organisations and many others, Francesca builds consensus on the vital role of naturebased solutions to tackle the nature-climate crisis and to support sustainable economic growth. Francesca's aim is for nature to play a beneficial role throughout all communities in Scotland.



Robbie Kernahan

Director, Green Economy

Working across government and with a range of externals, a key theme throughout his work has been the need to deliver multiple benefits from land, establish a more integrated approach to land management and improve the links and understanding between people and Scotland's natural capital.



Jane Macdonald

Director, Business Services and Transformation

Jane is the strategic lead on organisational transformation and the delivery of excellent business and corporate services. Working collaboratively across the organisation, she and her teams provide the expertise, functions and facilities to empower colleagues to deliver for nature and the people of Scotland. Her focus is on enabling NatureScot, to be a successful, innovative and inclusive organisation.



Nick Halfhide

Director, Nature & Climate Change

Nick leads NatureScot's drive to reverse the current decline in nature, and work with nature to tackle climate change. Nick champions solutions on NatureScot's own land, and works with a range of stakeholders so that nature can thrive across Scotland's land and seas.



Stuart MacQuarrie

Deputy Director, Business Services and Transformation

Stuart leads NatureScot's business planning functions to ensure our resources are fully aligned to deliver bold and effective solutions towards restoring and growing Scotland's biodiversity. This includes working across teams to respond rapidly to emerging resourcing needs which help progress determined action to address the twin challenges of tackling biodiversity loss and the climate emergency.



Claudia Rowse

Deputy Director, Sustainable Growth

Claudia provides senior leadership on supporting transformative land use and investing in natural capital to address the twin challenges of biodiversity and climate change. With over 20 years of experience on land use policy and practice, she now leads NatureScot's peatland restoration team, and NatureScot's Farming with Nature Programme working with farmers and crofters to enhance nature and tackle climate change while producing high quality food.



Eileen Stuart

Deputy Director, Nature & Climate Change

Eileen is NatureScot's lead for science, monitoring and surveillance on land and sea. Eileen drives forward action to enhance people's connection with nature, promoting our work on landscape, recreation as well as overseeing our funding streams on biodiversity and place to support the creation of a nature-rich and resilient future.



Jason Ormiston

Head of External Affairs

Jason is the strategic lead on the NatureScot brand, stakeholder engagement and PR. He works closely with the Board and the Senior Leadership Team. Jason, along with the Communications and Executive Office activities, positions NatureScot as leading the move to a nature rich Scotland where all can thrive.



Auditors

NatureScot's accounts are audited by Forvis Mazars who were appointed during the year for a 5-year term from 2022/23 to 2026/27 by the Auditor General for Scotland. The costs relating to their statutory audit work in respect of the financial year were £0.083m (2022/23: £0.070m). No other fees for non-audit related services were paid to them.

Statement of Accountable Officer's Responsibilities

NatureScot's Framework Document agreed with its sponsoring Scottish Government Directorate, sets out the roles and responsibilities of Scottish Ministers, the sponsoring team in the Directorate, the NatureScot Board, the Chair of NatureScot and NatureScot's Accountable Officer. It includes the following points:

NatureScot's Accountable Officer

Under Section 10 of the Natural Heritage (Scotland) Act 1991, NatureScot is required to prepare annual accounts for each financial year in the form of and on the basis determined by Scottish Ministers. The annual accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of NatureScot as at the end of the financial year, and of the income and expenditure, statement of financial position, and cash flows for the financial year. In preparing the annual accounts, the Accountable Officer is required to comply with the requirements of the Financial Reporting 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
- 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 annual accounts.
- prepare the accounts on a going concern basis.
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

In addition, the Accountable Officer is responsible for safeguarding the assets falling within the stewardship of NatureScot, taking all such reasonable steps to prevent and detect fraud and other irregularities and ensuring that appropriate records are kept.

The Principal Accountable Officer of the Scottish Government appointed the Chief Executive as the Accountable Officer for NatureScot in accordance with sections 14 and 15 of the Public Finance and Accountability (Scotland) Act 2000. As Accountable Officer, the Chief Executive is responsible to Scottish Ministers.

The Chief Executive's relevant responsibilities, as Accountable Officer for NatureScot, are set out in the Accountable Officers' Memorandum issued by the Principal Accountable Officer for the Scottish Government. The Accountable Officer has responsibility for the propriety and regularity of the public finances, for which they are answerable to the Scottish Parliament.

Disclosure of Audit Information to the Auditors

So far as the Accountable Officer is aware, there is no relevant audit information of which NatureScot's auditors are unaware. The Accountable Officer has taken all possible steps to ensure she is aware of any relevant audit information and to establish that NatureScot's auditors are aware of that information.

Governance Statement

Scope of Responsibility

As Accountable Officer, I have responsibility for maintaining sound systems of internal management control. These support the achievement of the organisation's policies, aims and objectives, set by the Scottish Ministers, whilst safeguarding the public funds and assets for which I am personally responsible.

My responsibilities are assigned to me in the Scottish Public Finance Manual and by the Scottish Parliament under Section 15 of the Public Finance and Accountability (Scotland) Act 2000 for ensuring:

- the propriety and regularity of financial transactions under my control and for the economic, efficient, and effective use of resources provided to NatureScot.
- that arrangements have been made to secure best value and for signing NatureScot's annual accounts.
- that effective management systems are in place within NatureScot and that risks are identified, assessed, and managed appropriately.

The Scottish Public Finance Manual is issued by Scottish Ministers to guide the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. It sets out the relevant statutory, parliamentary, and administrative requirements, emphasises the need for economy, efficiency and effectiveness and promotes good practice and high standards of propriety.

NatureScot aims for the highest standards in corporate governance, and we follow the Cabinet Office Guidance on Codes of Practice for Public Bodies.

NatureScot's Governance Framework

NatureScot is a non-departmental public body (NDPB), established by the Natural Heritage (Scotland) Act 1991. We receive most of our funding as grant-in-aid from the Scottish Government. Our framework document outlines the administrative and financial structure within which NatureScot works.

The governance framework comprises the systems, processes, culture and values which direct and control NatureScot. We use the framework to monitor how well we achieve our strategic objectives and results. The governance framework has been in place for the full year ending 31 March 2024 and up to the date of approval of the annual report and accounts.

The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It is designed to manage, rather than eliminate the risk of failure to achieve the organisation's policies, aims and objectives. It can therefore only provide reasonable, and not absolute, assurance of effectiveness.

The system of internal control is based on a continuous process, designed to identify the principal risks to NatureScot achieving its policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively, and economically.

Our governance structure operates at four levels: Scottish Government, Board, Senior Leadership Team, and staff.

The role of the NatureScot Board is to effectively lead, direct, support and guide the organisation and ensure that we implement the policies and priorities of Ministers and the Scottish Government. The Board is supported by the Audit and Risk Committee (ARC), which has a key role in promoting the development of NatureScot's arrangements for corporate governance, including risk management, and advising the Board as appropriate. Other Board committees are the Scientific Advisory Committee and Protected Areas Committee. The current members, roles and responsibilities, terms of reference and ways of working of the

Board and committees are available on our website - Board, Directors and Committees. Our Board is committed to openness and transparency in decision making. Formal Board meetings and some committee meetings are open to the public to attend. In addition, agendas, papers, and approved minutes of the Board meetings are available on our website. Audit and Risk Committee meeting agendas, papers, and approved minutes, other than those marked Official Sensitive, are available on request.

Board Meetings attended by members in the year from 1 April 2023 to 31 March 2024

Name	Number of meetings attended (7 held in year)
Colin Galbraith* (chair)	6
Mike Cantlay* (chair)	1
Margaret Davidson	6
Ian Gambles	7
Jaboury Ghazoul	7
Pete Higgins	7
David Johnstone	6
Colin MacPhail	6
Aoife Martin	7
Wayne Powell	6
Heather Reid	6
Jill Robbie	7
Nikki Yoxall	7

^{*}Colin Galbraith replaced Mike Cantlay as chair in June 2023

Audit and Risk Committee meetings attended by members in the year from 1 April 2023 to 31 March 2024

Name	Number of meetings attended (4 in year)
lan Gambles (chair)	4
Nikki Yoxall	3
Colin MacPhail	4
Heather Reid	2
Margaret Davidson	4

My Senior Leadership Team, comprising myself along with directors and deputy directors, take responsibility for the operational management of NatureScot and for developing, in partnership with the NatureScot Board, the policies and strategies of NatureScot.

Details of our work priorities and funding are set out in our budget allocation and monitoring letter, corporate plan and business plans. We have robust governance arrangements in place to provide clarity and accountability in the way we manage the organisation and deliver our work. NatureScot's Risk Management Policy ensures that we effectively manage the risks to achieve the organisation's priorities. The policy also supports decision-making.

Standards of behaviour support our good governance policies and ensure we achieve the highest possible standards in all that we do. The Code of Conduct for Board and Committee

Members sets out the principles they are expected to uphold in carrying out their duties. Our employee Standards of Conduct Policy and our Whistleblowing Policy encourage staff to raise serious concerns about wrongdoing or alleged impropriety. The policy is consistent with, and makes explicit references to, the Public Interest Disclosure Act 1998.

Assurance

As Accountable Officer, I review the effectiveness of the governance framework, including the internal control systems. My review requires assurances from the following groups and individuals:

- NatureScot managers, who through our governance tables agree and measure the effectiveness of controls and regularly monitor and report on performance, finance and risk for the Senior Leadership Team, Audit and Risk Committee and the Board.
- The work of internal auditors, who submit their regular reports to our ARC. These include the Head of Internal Audit's independent and objective opinion on the adequacy and effectiveness of NatureScot's internal control systems, together with recommendations for improvement.
- The Audit and Risk Committee, which oversees the work of internal auditors, considers and comments on other matters within its terms of reference, and provides me with appropriate assurance.
- Our risk management processes.
- An assurance by the Director of Business Services and Transformation on the adequacy of the organisation's fraud detection protocols, together with any recommendations for improvement.
- An assurance by the organisation's Senior Information Risk Owner (SIRO) on the adequacy of the organisation's information and security management protocols, together with any recommendations for improvement.
- Feedback from Audit Scotland and Forvis Mazars (our external auditors), in their reports.

Governance Tables

Operational governance standards remain high across all areas of our business as evidenced by our governance tables, based on the Scottish Public Finance Manual's Internal Control Checklist. The tables, which align to this checklist, focus on the key management controls that are required in an effective public body. Senior managers are responsible for maintaining the tables and reporting on the controls on a quarterly basis. These are reviewed by my Head of Internal Audit and Chief of Staff and I am satisfied that these internal controls and risk management framework has operated effectively during the year.

Internal Audit Assurance

During 2023/24 our internal audit function conformed to the requirements of the Public Sector Internal Audit Standards, as evidenced by an interim quality assessment. The planned annual audit work undertook a range of internal audits covering:

- Scottish Rural Development Programme (SRDP) Service Level Agreement Compliance
- Financial Forecasting follow up
- Health and Safety Risk Framework follow up
- Project Management follow up
- Organisational Response to internal staff pulse survey
- Net Zero Plan
- Recruitment Challenges
- Learning and Development
- Licensing and Deerline Stock Take
- Review of CivTech Processes

Of the 10 audits undertaken the majority provided satisfactory levels of assurance. Our approach to recruitment as well as the monitoring of our learning and development programme however were identified as needing strengthening partly as we are operating in a

more competitive labour market. The delivery of major projects, particularly digital, highlighted the risk of increasing costs and timescale. These are being addressed by the setting up of a new Programme Management Office with appropriately skilled staff.

Audit and Risk Committee

In addition to the ARC's responsibilities for reviewing the comprehensiveness of assurances through a process of constructive challenge, they have also added value in the following ways:

- Maintaining and developing relationships to continue an open and transparent culture.
- Providing oversight of recommendations arising from internal audits where limited assurance has been provided and their related risks.
- Continuing review of Corporate Risks through deep dives by the ARC.

Risk Management

Our Board establish the organisation's risk appetite to inform decisions on which risks are considered worth taking and ones which should be avoided if we have less control on managing the outcomes. In all operational areas our risk appetite is open - i.e. we are willing to consider all potential options and choose the one most likely to result in successful delivery, while also providing an acceptable level of reward and value for money, recognising, and accepting some degree of failure. Our approach to our compliance responsibilities however is one where our risk appetite is cautious - preferring safer options that have a lower degree of risk.

Our risks are managed and monitored within our risk management system and assurance is provided to me and the ARC through the risk team's quarterly reports. Any risks of significant impact are escalated through that system and are managed via the Corporate Risk Register, which is monitored on a quarterly basis by the Senior Leadership Team and Board. As at 31st March 2024 there were 11 corporate risks, 4 of which were rated high and 1 very high.

None of the higher risks materialised during the year and the necessary controls are in place to manage them to my satisfaction. We received the final claim amounts for our ERDF Structural Funds Programme in June 2024 and NatureScot has provided for adequate expected credit losses and provisions as at 31st March 2024 to cover the value of the rejected claim amounts.

Fraud

NatureScot has a zero-tolerance approach to fraud. NatureScot's Fraud Policy and Response Plan is reviewed annually by the Head of Internal Audit, in consultation with Finance, Planning and Performance (FP&P), People and Organisational Development (P&OD) staff, and Trade Union Side. It is formally signed off by the Director of Business Services & Transformation and the Accountable Officer. The 2024/25 Fraud Policy and Response Plan was reviewed and issues to all staff in March 2024.

Our fraud risks are assessed annually as part of the annual internal audit planning process with a fraud risk assessment forming part of the annual internal audit plan. This is discussed by the Audit and Risk Committee (ARC) and Accountable Officer before formal sign-off.

During 2023/24, NatureScot obtained access to the Scottish Government's new fraud risk profiling tool. The following areas were profiled with lead managers:

- Procurement (all thresholds and Government Procurement Card)
- External Funding
- Transactions/Payments
- Cash Handling
- Payroll
- Expenses

Staff in key teams are required to complete a Counter Fraud eLearning course. This course is re-issued annually in Q1 to ensure any new staff in those teams complete the course. The Heads of FP&P and Internal Audit also review Audit Scotland's Technical Bulletin on a quarterly basis, which sets out public sector fraud cases. These are circulated to the lead managers in NatureScot who can then check that their own controls are robust and would prevent similar cases.

There were no internal formal fraud investigations in 2023/24. Some items were found to be missing from our Kinloch Castle property. Police Scotland was informed and is leading on the investigation for all three missing artefacts. One of the items, a painting, has been logged by Police Scotland on the Art Loss Register.

Information and Cyber Security

In terms of providing assurance on the adequacy of NatureScot's information and security management, the following was in place during 2023/24:

- We took forward Business Continuity tests with our Senior Leadership Team and Activity Teams to increase our ability of incident management and recovery.
- We continued to carry out monthly network security testing of our perimeter infrastructure and have expanded our scope to include all of our external websites.
- NatureScot invested in new technologies to identify Dark Web threats and infrastructure vulnerabilities.
- NatureScot has mandatory, monthly cyber e-training & learning for all staff to reduce the risk of phishing emails, and other attacks being successful. Our average staff compliance for completion of training is 95%.
- Information Governance and Cyber Security progress are discussed on a quarterly basis with the Audit and Risk Committee to ensure these areas have a high level of scrutiny.
- NatureScot re-certified for Cyber Essentials accreditation during this period.
- Work on the initial phase of NatureScot's Information Asset Register (IAR) work has been completed.
- NatureScot records, and thoroughly reviews, all Information Security incidents and in 2023/24 we have had no significant issues during the reporting year.

Review of Effectiveness and Conclusion

We continue to operate within a tight budgetary envelope to deliver a demanding work programme, in response to which, the organisation is moving to a more agile and flexible approach to our deployment of resources. The systems to manage and control our business activities have adapted accordingly and I am confident that these layered systems are sufficiently robust to ensure that we are operating efficiently and effectively. Where any deficiencies are identified they are addressed and, in my opinion, do not present a material risk to the delivery of our objectives.

Francesca Osowska Chief Executive.

16 December 2024

Remuneration and Staff Report

The Remuneration and Staff Report is subject to audit except for the Remuneration Policy and Employment Contracts, Employee Involvement (including the disclosures under the Trade Union (Facility Time Publication Requirements) Regulations 2017), Sickness Absence and Equality and Diversity sections which are reviewed by Forvis Mazars for consistency with the audited accounts.

Remuneration Policy

The remuneration, allowances and expenses paid to Board Members comply with specific guidance issued by Scottish Ministers. NatureScot does not have a remuneration committee.

For all other employees, NatureScot submits a pay remit to the Scottish Government Environment and Forestry Directorate for approval (normally annually, unless a multi-year deal has been agreed), which is within the terms and conditions set out in the Scottish Government's Public Sector Pay Guidance. On approval of the pay remit, a pay settlement is negotiated with the relevant Trade Unions. Annual salaries are paid in accordance with the standard NatureScot employee pay agreement. Performance is monitored and reviewed through NatureScot's performance management approach. Increases in employee's salary are based on managers' assessment of individual performances.

The Chief Executive's salary is reviewed each year and approved by the Chair, in line with the Scottish Government Remuneration Committee and Ministers steer, and is governed by any further conditions set out in the Scottish Government Pay Guidance for Senior Staff. From 1 October 2021, the Chief Executive became a permanent employee of NatureScot. The terms and conditions of the Chief Executive's performance bonus remain suspended as per Pay Guidance for Senior Staff.

Employment Contracts

NatureScot is committed to ensuring a fair, transparent and consistent approach to filling vacant posts. Appointments are made on merit following a fair selection process within defined policy.

The senior staff covered in this report, NatureScot's Senior Leadership Team, hold appointments which are open-ended. Their contracts provide for a notice period of three months. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

At 31 March 2024 the Board consisted of 12 Members, including the Chair. NatureScot's Board Members are appointed by Scottish Ministers initially through a process of open competition for a 4 year period (previously a 3 year period). Consecutive terms up to a maximum of 8 years may be approved by Scottish Ministers based on an annual review of performance.

Chair and Board Members

The Chair, Colin Galbraith, was appointed on 21 June 2023. The appointment is on a nonpensionable part-time basis and his total remuneration, in his capacity as Chair, for the year ended 31 March 2024 was £34,246. Prior to resignation as Chair on 14 May 2023, remuneration for Mike Cantlay was £5,450 (2022/23: £43,602).

Other NatureScot Board Members' remuneration covers membership of the Board and is non-pensionable. Aoife Martin received additional remuneration due to her responsibilities as Deputy Chair of the NatureScot Board.

Board Members do not receive any bonus payments and details of their remuneration and taxable allowances are shown below.

Board Member	Key	Band 2023-24 £000's	Band 2022-23 £000's
Colin Galbraith, Chair of NatureScot Board	1,5	30-35	-
Jill Robbie, Deputy Chair of NatureScot Board	1,4	5-10	5-10
Margaret Davidson	1,3	5-10	5-10
lan Gambles, Chair of ARC	1,3	5-10	5-10
Jaboury Ghazoul	1,2,4	5-10	5-10
Peter Higgins, Chair of SAC	1,2,4,5	5-10	5-10
David Johnstone, Chair of PAC	1,4	5-10	5-10
Colin MacPhail	1,3	5-10	5-10
Wayne Powell	1	5-10	-
Heather Reid	1,3	5-10	5-10
Nikki Yoxall	1,3,4	5-10	5-10
Mike Cantlay	1	5-10	40-45
Aoife Martin	1,4	20-25	20-25

Key:

- 1 = NatureScot Board
- 2 = Scientific Advisory Committee
- 3 = Audit and Risk Committee
- 4 = Protected Areas Committee
- 5 = NatureScot's appointed member of the JNCC and its trading subsidiary JNCC Support Co

Chief Executive

NatureScot's Chief Executive, Francesca Osowska became a permanent employee of NatureScot from 1 October 2021. In 2023/24 Francesca Osowska's total remuneration as Chief Executive for the year to 31 March 2024 was £119,125 (2022/23: £118,002).

Bonuses continue to be suspended, this being a condition of the Scottish Government Public Sector Pay Guidance. Under the terms of their contracts, all pay increases (excluding performance related bonus) are pensionable. The Chief Executive's salary is 'progression based' and is included above on this basis. In accordance with the Public Sector Pay Negotiations for 2023/2024 applicable to Chief Executive Appointments she received a total pay award limited to £1,123 (2022/23 limited to £500) comprising of cost of living increases with no progression because she previously reached the top of her grade. This represented a total pay award increase of 0.95% for 2023/24 (2022/23: 0.43%) and was effective from 1 April 2023. Her non-consolidated pay award on annual salary was £nil for 2023/24 (2022/23: £nil).

Francesca Osowska is an ordinary member of the Civil Service Pension Scheme. She paid a percentage of her pensionable salary into the Alpha scheme.

Senior Leadership Team Salaries and Pension Benefits

The salary and pension entitlements of NatureScot's Senior Leadership Team for the full year

in 2023/24 were as follows:

	Basic salary 2023-24 £000's	Bonus 2023-24 £000's	Pensionable remuneration total 2023-24 £000's	Accrued pension benefits 2022-241 £000's	Total 2023-24 £000's
Francesca Osowska – Chief Executive	115-120	-	115-120	_	115-120
Jane Macdonald - Director, Business Services and Transformation	90-95	-	90-95	42	130-135
Stuart MacQuarrie - Deputy Director, Business Services and Transformation	75-80	-	75-80	28	105-110
Nick Halfhide - Director, Nature and Climate Change	90-95	_	90-95	66	155-160
Eileen Stuart – Deputy Director, Nature and Climate Change	75-80	-	75-80	21	100-105
Robbie Kernahan – Interim Director, Sustainable Growth	90-95	-	90-95	27	115-120
Claudia Rowse - Deputy Director, Sustainable Growth	75-80	-	75-80	34	110-115
Jason Ormiston – Head of External Affairs	75-80	-	75-80	31	110-115
Benefits in kind worth £193 was paid to Nick Halfhide in 2023/24 in relation to Car Benefit.					

Pensionable service used to calculate accrued pension at 31 March 2024 represents years of service payable from NatureScot's pension scheme, including any added years or transfers.

¹ The value of pension benefits accrued during 2023/24 is calculated as: (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

The salary and pension entitlements of NatureScot's Senior Leadership Team in 2021/22 are shown below.

	Basic salary 2022-23 £000's	Bonus 2022-23 £000's	Pensionable remuneration total 2022-23 £000's	Accrued pension benefits 2022-23 ² £000's	Total 2022-23 £000's
Francesca Osowska - Chief Executive	115-120	-	115-120	-	115-120
Jane Macdonald - Director, Business Services and Transformation	80-85	-	85-90	19	105-110
Stuart MacQuarrie - Deputy Director, Business Services and Transformation	75-80	-	75-80	33	105-110
Nick Halfhide - Director, Nature and Climate Change	80-85	-	85-90	-	85-90
Eileen Stuart - Deputy Director, Nature and Climate Change	70-75	-	70-75	-	70-75
Robbie Kernahan – Interim Director, Sustainable Growth	85-90	-	85-90	28	110-115
Claudia Rowse - Deputy Director, Sustainable Growth	70-75	-	70-75	31	105-110
Jason Ormiston – Head of External Affairs	75-80	-	75-80	30	105-110

No benefits in kind were paid to Senior Leadership Team in 2022/23.

Pensionable service used to calculate accrued pension as at 31 March 2023 represents years of service payable from NatureScot's pension scheme, including any added years or transfers.

² The value of pension benefits accrued during 2023/24 is calculated as: (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

Senior Leadership Team's Total Pension Benefits

	Total accrued pension at pension age as at 31 March 2024 and related lump sum (unless stated)	Real increase in pension and related lump sum at pension age £000's	CETV at 31 March 2024 (unless stated) £000's	CETV at 31 March 2023 (unless stated) £000's	Real increase in CETV £000's
Francesca Osowska	45-50 plus lump sum of 120-125	0-2.5 plus lump sum of 0	1,015	947	(21)
Jane Macdonald	25-30	0-2.5	595	512	33
Stuart MacQuarrie	25-30 plus lump sum of 70-75	0-2.5 plus lump sum of 0	575	510	16
Nick Halfhide	50-55	2.5-5	1,060	919	55
Eileen Stuart	30-35 plus lump sum of 85-90	0-2.5 plus lump sum of 0	818	737	12
Robbie Kernahan	30-35	0-2.5	622	554	14
Claudia Rowse	20-25 plus lump sum of 55-60	0-2.5 plus lump sum of 0-0.25	567	500	28
Jason Ormiston	5-10	0-2.5	119	82	21

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced - the Civil Servants and Others Pension Scheme or Alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined Alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

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, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switch into Alpha sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2023 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report - see below). All members who switch to Alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave Alpha. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% of pensionable pay for members of classic, premium, classic plus, nuvos and alpha. 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 their 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 Pensions Increase legislation. Benefits in Alpha build up in a similar way to nuvos, except that the accrual rate in 2.32%. 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 an occupational defined contribution pension arrangement which is managed by Legal & General. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of Alpha. The pension figures quoted for officials show pension earned in PCSPS or Alpha, as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but NatureScot is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the PCSPS as at 31 March 2016. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation. Further details about the Civil Service pension arrangements can be found at Civil Service Pension Scheme.

Cash Equivalent Transfer Value (CETV)

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.

Fair Pay Disclosure

Public sector bodies are required to disclose the relationship between the remuneration of the highest paid director and that of the remuneration of the organisation's workforce. This includes disclosures relating to the 25th percentile pay, median pay and 75th percentile pay ratio of the organisation's workforce, together with the year-on-year percentage change in salary of the highest paid director and the average salary of the organisation's workforce. Total remuneration includes salary, non-consolidated performance related pay, benefits in kind as well as any severance payments. It does not include employer pension contributions or the cash equivalent transfer value of pensions.

The midpoint of the banded remuneration of the highest paid director in NatureScot in 2023/24 was £117,500 (2022/23: £117,500). This was 2.82 times (2022/23: 3.18) the median remuneration of the workforce, which was £41,656 (2022/23: £36,986). The percentage change in the highest paid director's remuneration in 2023/24 was 0% (2022/23: 0%) and the percentage change in average remuneration of the organisation's workforce in 2023/24 was an increase of 6.87% (2022/23: increase of 4.54%). Highest paid directors pay is based on Midpoint of banding rather than absolute pay. Employee change is based on annualised, FTE basis and excludes highest paid director.

In 2023/24, remuneration (excluding the highest paid director) ranged from £24,030 to £91,647 (2022/23: £22,614 to £86,869). In 2023/24 nil employees (2022/23: nil) received remuneration in excess of the highest paid director.

Year	25th percentile pay ratio		75th percentile pay ratio
2023/24	£117,500/£34,980: 3.36	£117,500/£41,656: 2.82	£117,500/£41,656: 2.82
2022/23	£117,500/£32,292: 3.64	£117,500/£36,986: 3.18	£117,500/£38,931: 3.02

Ratio Movement

Changes in the ratios are the result of adjustments in the relative mix of headcount between staff pay grades and additional awards made for lower paid staff.

Trends in the Median Pay Ratio

The decrease in the median pay ratio compared to 2022/23 is due to the recruitment of new staff within the Operational and Professional Managerial roles which have higher paybill values.

The Median Pay Ratio does reflect NatureScot's rewards and progression policy for employees, which is strongly influenced by Scottish Government Pay Policy which for 2023-24 has encouraged additional support being given to lower paid staff with the highest paid receiving the smallest proportionate increase.

Staff Report

Average Number of Employees

The average number of full-time equivalent (FTE) persons employed during the year by occupational group was:

	Permanent Number	Other Number	2023-24 Number	2022-23 Number
Senior management	9	_	9	8
Operational, professional and managerial	463	90	553	524
Administration and support	67	26	93	98
Estate workers, manual and domestic	64	7	71	84
	603	123	726	714

Senior management represents members of Senior Leadership Team.

The increase in numbers relate to employing more project funded employees to deliver new nature-based projects.

Employee turnover for the year was 10.5% (2022/23 10.5%). This is calculated by dividing the number of leavers in the year by the average employee headcount for that year.

Staff Costs (including board members)

	2023-24 £000	2022-23 £000
Salaries:		
Chairman	40	44
Board members	118	96
Other committee members	13	13
Senior leadership team:		
permanent contracts	712	679
 fixed term contracts 	-	-
All other staff:		
 permanent contracts 	20,372	19,136
 fixed term contracts 	6,977	5,360
	28,232	25,328
Social security costs	2,878	2,649
Pension costs	7,511	6,687
Apprenticeship levy	125	109
Severance and other costs	-	-
Total staff costs	38,746	34,773
Agency staff costs	105	46
Less: recoveries in respect of outward secondments and joint contract agreements	(450)	(429)
Total net employment costs	38,401	34,390

There were no salaries capitalised against projects in 2023/24 (2022/23: £nil). The increase in net employment costs in 2023/24 is due primarily to various increases in both employee and employer's costs. These include increased costs of pay award and increments and the net increase in value and number of fixed term contracts over the reduction in permanent contracts. Severance and other costs incurred in 2023/24 was £nil (2022/23: £Nil). Consultancy costs incurred in 2023/24 were £1.742m (2022/23: £0. 561m).

Pension Costs

atureScot makes pension contributions for employees to civil service pension arrangements and stakeholder pension arrangements. Further details on the civil service pensions are provided on page 67. NatureScot is unable to identify its share of the underlying assets and liabilities and therefore any liability for future benefits is a charge on the Principal Civil Service Pension Scheme (PCSPS), which prepares its own scheme statements. A breakdown of pension costs payable for year is as follows:

	2023-24 £000	2022-23 £000
Employer pension contributions to PCSPS	7,450	6,634
Employer pension contributions re Stakeholder partner pension arrangements	58	48
	7,508	6,682
Other annual pension costs	3	5
Total pension costs	7,511	6,687

Equality and Diversity

Equality, diversity, and inclusion remain at the heart of everything we do and we continue to mainstream equality into our day to day work.

NatureScot is committed to achieving the equality outcomes as set out in the NatureScot Equality Report 2024. The focus of the equality outcomes is NatureScot's aspirations to build and support a more inclusive and diverse workplace, to contribute towards increasing the diversity of the wider environmental sector, and to encourage under-represented groups to connect with nature.

Our corporate culture, the NatureScot Way, is championed by our Employee Networks and network allyship. These communities of practice support the business through their collective voice, the delivery of equality and wellbeing campaigns, and their collaboration with external groups and peers.

In response to suggestions from employees, we have recently launched a new Age Inclusive network to tackle issues that typically affect older employees. Although a network in its own right, the Age Inclusive network will work in collaboration with our existing networks; Disability, Ability, Wellbeing and Neurodiversity Network (DAWNN), LGBTQ+, Women's Network, Young Employee Network, to ensure we are taking an intersectional approach to supporting NatureScot's workforce.

Alongside our team of Change Partners, the Employee Networks provide consultation for programmes of change, amendments to policies and processes, and equality impact assessments (EqIA).

NatureScot remains committed to improving the diversity of our workforce by removing the barriers that prevent people with protected characteristics from working for us. We continue to promote flexible working opportunities, employee benefits and support such as our Employee Assistance Programme. We have recently launched a version of Read&Write accessibility software which is available to all employees.

We are making good progress towards our aim to be seen as a diverse and inclusive employer of choice. We continue to make changes to our recruitment processes having recently adopted the practice of providing interview questions to candidates ahead of interviews. This has been well received and demonstrates our commitment to supporting and encouraging applications from neurodiverse candidates.

At 31 March 2024, NatureScot employed the following number of persons (note this is not FTE):

Category	Female	Male	Total
Board	5	7	12
Scientific Advisory Committee	4	4	8
Senior Leadership Team	4	5	9
Employees	487	317	804
Total 2023/24	500	333	833
Total 2022/23	449	316	765

Employee Involvement

NatureScot continues to work in partnership with our recognised trade unions through the Partnership and Consultation and Negotiation Committee. The Partnership has continued to work together to ensure people remain at the heart of NatureScot. During 2023/24, we continued to undertake regular pulse surveys with employees, as well as regular Health and Safety conversations. In 2023/24 the Consultation and Negotiation Committee continued to review and streamline policies, with the finalising of a Wellbeing and Performance suite of policies, and agreement on one appeals process for all People policies.

Our Change Partner Network continues to play a key role in supporting successful and efficient organisational change, ensuring that change initiatives are communicated to the teams they represent, and that feedback from the team flows back to the decision-makers. Our other employee networks are represented in the Change Partner Network also. We continue to involve Change Partners and employees in targeted focus groups as a means to help us resolve challenges within NatureScot and to shape our future core offer.

Under the Trade Union Act 2016, there is a requirement for public sector employers to report annually on paid time provided to TUS representatives for trade union duties and activities:

Number of employees who were relevant union officials during 2023/24	23
Full-time equivalent employee number	2.41 FTE
Percentage of time spent on facility time	No of staff
0%	_
1%-50%	22
51%-99%	_
100%	1
Percentage of pay bill spent on facility time	0.21%
Time spend on paid trade union activities as a percentage of total	
paid facility time hours	32%

Sickness Absence

The average days lost to sickness per person in 2023/24 was 6.37 days (2022/23: 6.33 days). This remains relatively static from 2022/23. NatureScot still compares favourably in terms of recorded days lost to sickness. The average sick days in the public sector in 2023 was 8.1 days lost, which was a slight increase from 7.9 days in 2022.

We continue to encourage our employees to take action to maintain their wellbeing at work through a number of wellbeing initiatives.

Number and Cost of Exit Packages

There were two exit packages in 2023-24. The cost of these was £0.022m. There were no exit packages in 2022-23.

Parliamentary Accountability **Disclosures**

Losses and Special Payments

The following losses are included in the statement of comprehensive net expenditure:

	2023-24 £000	2022-23 £000
Losses of assets, stores and equipment, including cash losses	2	1
Fruitless payments and constructive losses	1	1
Claims waived or abandoned	483	_
Special payments	22	_
	508	2

Claims waived or abandoned of £0.483m relates to NatureScot's ERDF Structural Funds Programme. This represents claims paid to Third Party Grantees which were subsequently unable to be submitted to Scottish Government as part of the Final Claim.

The Special payment for £0.022m relates to an ex-employee settlement.

Claims waived or abandoned not included above for £0.235m relates to the waiver of a share of sale proceeds relating to assets previously transferred to the Isle of Rum Community Trust. This is not included as a loss but represents income foregone by NatureScot and approved by Scottish Government.

Fees and Charges

NatureScot does not levy any statutory fees and charges for its advisory or licencing services. Income shown in the accounts of £19.381m relate to project and estate management which is on a cost recovery basis - details are shown in notes 5, 6, and 7.

Gifts

No gifts were made during the year.

Remote Contingent Liabilities

There are no remote contingent liabilities to disclose.

Francesca Osowska

Chief Executive and Accountable Officer

16 December 2024

Independent Auditor's Report

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

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of NatureScot for the year ended 31 March 2024 under the Natural Heritage (Scotland) Act 1991. 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 notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2023/24 Government Financial Reporting Manual (the 2023/24 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of the body's affairs as at 31 March 2024 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2023/24 FReM; and
- have been prepared in accordance with the requirements of the Natural Heritage (Scotland) Act 1991 and directions made thereunder by the Scottish Ministers.

Basis for opinion

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audits of the financial statements section of our report. We were appointed by the Auditor General on 18 May 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern basis of accounting

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

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

Risks of material misstatement

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

Responsibilities of the Accountable Officer for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

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

- using our understanding of the central government sector to identify that the Natural Heritage (Scotland) Act 1991 and directions made thereunder by the Scottish Ministers are significant in the context of the body;
- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
- inquiring of the Accountable Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website www.frc.org.uk/ auditorsresponsibilities. This description forms part of our auditor's report.

Reporting on regularity of expenditure and income

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.

Responsibilities for regularity

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

Reporting on other requirements

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

We have audited the parts of the Remuneration and Staff Report described as audited. In our opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the Natural Heritage (Scotland) Act 1991 and directions made thereunder by the Scottish Ministers.

Other information

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

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

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

Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement

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

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Natural Heritage (Scotland) Act 1991 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Natural Heritage (Scotland) Act 1991 and directions made thereunder by the Scottish Ministers.

Matters on which we are required to report by exception

We are required by the Auditor General for Scotland to report to you if, in our opinion:

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

We have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of our report

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

Tom Reid (Audit Director) For and on behalf of Forvis Mazars LLP 100 Queen Street Glasgow **G1 3DN**

16 December 2024



Statement of Comprehensive Net Expenditure For the year ended 31 March 2024

	Note	2023-24 £000	2022-23 £000
Income			
External funding	<u>5</u>	(3,215)	(1,102)
Income from activities	<u>6</u>	(906)	(1,108)
EU funding	7	(15,260)	(5,234)
Income from operating activities		(19,381)	(7,444)
Profit on disposal of non-current assets	8	19	(4)
Total income		(19,362)	(7,448)
Expenditure			
Staff costs	9	38,401	34,390
Other costs	<u>12</u>	9,620	7,698
Operating costs	<u>13</u>	47,612	31,505
Capital grant-in-kind		-	130
(Decrease) / increase in provisions	<u>23</u>	(297)	62
Depreciation of property, plant and equipment	<u>16</u>	1,679	1,622
Depreciation of right of use assets	24	425	564
Amortisation of intangible assets	<u>18</u>	15	74
Revaluation (gains) / losses on non-current assets	<u>17</u>	(115)	206
Total operating expenditure		97,340	76,251
Net operating expenditure		77,978	68,803
Interest receivable	10	(301)	(61)
Interest of right of use liabilities	24	6	9
Net Interest (receivable) / payable		(295)	(52)
Net expenditure after interest		77,683	68,751
Corporation tax	14	10	11
Net expenditure		77,693	68,762
Other Comprehensive Expenditure			
Net (gains) on revaluation of non-current assets	<u>17</u>	(959)	(390)
Total comprehensive expenditure for the year ended 31 March 2024		76,734	68,372

All income and expenditure is derived solely from continuing operations and is attributable to the taxpayer.

NatureScot Statement of Financial Position as at 31 March 2024

	Note	2023-24 £000	2022-23 £000
Assets			
Non-current assets			
Heritage assets	<u>15</u>	869	93
Property, plant and equipment	<u>16</u>	27,558	26,810
Lease right of use assets	<u>16</u>	493	920
Intangible assets	<u>18</u>	985	428
Total non-current assets		29,905	28,251
Current assets			
Trade and other receivables	<u>19</u>	23,419	8,396
Cash and cash equivalents	20	11,109	13,902
Total current assets		34,528	22,298
Assets held for sale	<u>21</u>	-	795
Total assets		64,433	51,344
Liabilities			
Current liabilities			
Trade and other payables	22	(12,319)	(11,358)
Provision for dilapidations and other provisions	<u>23</u>	(60)	(282)
Lease obligations	24	(265)	(380)
Total current liabilities		(12,644)	(12,020)
Total assets less current liabilities		51,789	39,324
Non-current liabilities			
Provision for dilapidations and other provisions	23	-	(50)
Lease obligations	24	(272)	(473)
Total non-current liabilities		(272)	(523)
Assets less liabilities		51,517	38,801
Taxpayers' Equity			
General reserve		45,485	33,523
Revaluation reserve		6,032	5,278
Total taxpayers' equity		51,517	38,801

Francesca Osowska

Chief Executive and Accountable Officer

The Accountable Officer authorised these financial statements for issue on 16 December 2024

NatureScot Statement of Cash Flows for the year ended 31 March 2024

	Note	2023-24 £000	2022-23 £000
Operating activities			
Net operating expenditure		(77,978)	(68,803)
Adjustment for items not involving the movement of cash:			
Depreciation of property, plant and equipment		1,679	1,622
Depreciation of lease right of use assets		425	564
Amortisation of intangible assets		15	74
Revaluation (gains) / losses on non-current assets		(115)	206
Loss / (profit) on disposal of non-current assets		19	(4)
Movement in expected credit losses		(26)	60
Movement in government grant provision		509	185
Capital grant in kind		-	130
Working capital adjustments:			
(Increase) / decrease in trade and other receivables		(15,508)	(4,390)
Increase (decrease) in trade and other payables		1,117	(553)
Movements in provisions		(297)	60
Corporation tax paid		-	(35)
Net cash outflow from operating activities		(90,160)	(70,884)
Cash flows from investing activities			
Payments to acquire property, plant and equipment	16	(1,460)	(1,959)
Payments to acquire intangible assets	18	(595)	(388)
Payments relating to IFRS16 leases	24	(420)	_
Receipts from sales of non-current assets	8	112	841
Interest received	10	301	61
Net cash outflow from investing activities		(2,062)	(1,445)
Cash flows from financing activities			
Grant-in-aid funding from Scottish Government	4	76,474	68,464
Structural funds cash	4	12,810	7,848
IFRS16 Lease Payments	4	144	7,040
Net cash inflow from financing activities	<u> </u>	89,428	76,312
(Decrease) / increase in cash and cash equivalents in the year		(2,793)	3,983
Cash and cash equivalents at 1 April 2023	20	13,902	9,919
Cash and cash equivalents at 31 March 2024	20	11,109	13,902
Net movement in cash and cash equivalents		(2,793)	3,983

NatureScot Statement of Changes in Taxpayers' Equity for the year ended 31 March 2024

	Note	General reserve	Asset revaluation reserve
Balance at 31 March 2022		25,501	5,285
Balance at 31 March 2022		23,301	5,265
Changes in taxpayers' equity for 2022-23			
Net expenditure	SoCNE	(68,762)	-
Capitalisation of assets not previously recognised	<u>15</u> & <u>16</u>	74	-
Revaluation reserve movement		397	(397)
Revaluation gains	<u>17</u>	-	390
Total recognised income and expense for 2022-23		(68,291)	(7)
Capital DEL grant-in-aid	4	13,038	_
Resource DEL grant-in-aid	4	55,426	_
Structural Funds Cash	4	7,848	_
	_	76,312	_
Balance at 31 March 2023		33,522	5,278
Changes in taxpayers' equity for 2023-24			
Net expenditure	SoCNE	(77,693)	-
Revaluation reserve movement		205	(205)
Capitalisation of assets not previously recognised	<u>16</u>	23	-
Net revaluation gain	<u>17</u>	_	959
Total recognised income and expense for 2023-24		(77,465)	6,032
Resource DEL grant-in-aid	4	59,168	
Capital DEL grant-in-aid	4	17,306	_
Structural funds cash	4	12,810	_
IFRS Lease Payments	4	144	_
		89,428	_
Balance at 31 March 2024		45,485	6,032

The General Reserve serves as the chief operating fund. The General Reserve is used to account for all financial resources except those required to be accounted for in the other reserves. The Revaluation Reserve records the unrealised gains or losses on revaluation of assets.

The notes on pages 84 to 118 form part of these accounts.

NatureScot Notes to the Accounts

Basis of preparation 1.

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adapted and interpreted by the 2023/24 Government Financial Reporting Manual (FReM) issued by HM Treasury and the Accounts Direction issued by Scottish Ministers. The direction is reproduced as an appendix to the accounts.

The Board and Accountable Officer have considered the budget and associated grant in aid allocation for 2024/25 and consider that NatureScot has adequate resources to continue in operational existence in the foreseeable future. The accounts are therefore prepared on a going concern basis. An assessment of liquidity risk is shown in note 28 and the budget allocation for 2024/25 can be seen at Finance Performance - Budget and Cash Funding.

The accounts have been prepared under the historical cost convention, modified to account for the revaluation of property, plant and equipment.

2. Accounting policies

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of NatureScot for the purpose of giving a true and fair view, has been selected. The particular policies adopted by NatureScot are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

Implementation of IFRS 16: Leases

NatureScot has implemented IFRS 16: Leases on 1 April 2022 in accordance with 2023/24 Government Financial Reporting Manual (FReM). In accordance with this guidance, NatureScot will recognise the cumulative effects of initially applying IFRS 16 on this date as an adjustment to the opening balances of taxpayers' equity.

2.1 Property, plant and equipment

The threshold for capitalising assets is £10,000 for land and buildings, including improvements; £1,000 for information technology hardware and £5,000 for all other categories.

On initial recognition, property, plant and equipment are measured at cost including any costs such as installation directly attributable to bringing them into working condition. All property, plant and equipment are reviewed annually for impairment and are carried at fair value. Land and buildings are stated at their fair value based on the valuation policy noted below. Infrastructure and certain assets within freehold buildings are valued at depreciated replacement cost which is considered a reasonable proxy of fair value. Assets under construction are carried at cost and are transferred to the appropriate property, plant and equipment category when completed and ready for use, with impairment reviews being undertaken in accordance with the stated policy note shown below. No depreciation is charged until the asset is operational. Vehicles, other equipment and furniture, fixtures and fittings are valued at depreciated replacement cost using published indices. Information technology equipment is valued at depreciated historic cost which is considered a reasonable proxy of fair value due to the short-life of the assets.

Depreciation is provided on a straight-line basis on all property, plant and equipment (other than freehold land) at rates calculated to write down the cost or valuation of each asset over its estimated useful life.

Land	Not depreciated
Freehold buildings	10 to 50 years as determined by Valuation Office Agency
Infrastructure assets	7 to 50 years depending on the nature of the asset
Leasehold buildings including improvements	50 years or period of lease whichever is shorter
Information technology equipment	4 years
Other equipment	7 years
Vehicles	5 years

Furniture, fixtures and fittings are expensed when purchased.

In line with the SPFM, regular professional valuations of land and property (which includes buildings, dwellings and infrastructure assets) are carried out. Full valuations are undertaken every 5 years with interim reviews of 25% of the land and property portfolio undertaken in each of the intervening four years. The last full valuation was undertaken at 31 March 2024 by District Valuers of the Valuation Office Agency, following the principles set out in the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors, and acting in the capacity of External Valuers. Vehicles and other equipment are valued using published indices each year.

2.2 Intangible assets

Expenditure on intangible assets, which includes purchased computer software licences and internally developed software, has a threshold for capitalisation of £1,000. When capitalising internally generated intangible assets such as software, only directly attributable costs including employee costs and employee-related costs, are included where it is deemed that the asset will generate future economic benefits in the way of savings or improvements to internal processes.

FReM directs users to value intangible assets at fair value of the asset rather than cost and recommends depreciated replacement cost as an appropriate method. However, NatureScot does not currently index software on the basis that assets have a short useful life, costs are unlikely to fluctuate significantly over that life, and that the asset may not be replaceable like for like due to technological advances. Applying indexation to the original cost would also not give a reliable estimation of the replacement cost of the asset. Intangible assets are therefore carried at depreciated historical cost less any impairment.

Intangible assets are amortised over 4 years.

2.3 Non-current assets classified as held for sale

NatureScot classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met when the asset is actively being marketed by management, it is available for immediate sale in its present condition, the sale is considered to be highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

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. Depreciation or amortisation for such assets is not charged from the date they are classified as an asset held for sale.

Further information on non-current assets classified as held for sale is given in note 21.

2.4 Heritage assets

FReM section 10.1.31 provides a definition of a heritage asset as 'a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture'. They are those that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations'. NatureScot's heritage assets are held by NatureScot in pursuit of its overall objectives in relation to the maintenance of the natural heritage and clearly fall within the Accounting Standards Board's definition.

International Accounting Standard 16 - Property, Plant and Equipment requires us, where practicable, to value our Heritage Assets and report these on the Statement of Financial Position. Within NatureScot we have identified two types of Heritage Assets which are accounted for as follows:

Heritage Land

On its creation in 1992, SNH now operating as NatureScot, took over stewardship of land, either in the form of ownership or through leasehold interest, from the Nature Conservancy Council for Scotland. Our landholding has continued to evolve to help support our primary objective to look after all of Scotland's nature and landscapes, across all of Scotland for everyone.

These holdings at 31 March 2024 extended to 41,058 hectares. This land is owned or leased by NatureScot and managed as or associated with the management of national nature reserves (NNR), NatureScot nature reserves (NR) or sites of special scientific interest (SSSI). Due to the diverse nature of these assets, the land being held with the long term objective of the realisation of non-monetary public benefits, and the lack of a comparable valuation basis, we do not recognise these assets in the Statement of Financial Position unless cost information is available.

Acquisitions are made by purchase, donation or exchange. If land no longer meets the requirements of our policies for ownership, it will be considered for disposal within the wider public sector or to any other appropriate body. We will also consider asset transfer requests by eligible community bodies for any of our heritage land properties. When a sale takes place the land will be recognised as an asset addition and disposed of at the agreed sale value.

Expenditure which is required to maintain and preserve owned and leased heritage land is recognised in the Statement of Comprehensive Net Expenditure when it is incurred.

Further information on heritage land is given in <u>note 15.1</u>.

Antiques and Works of Art

The items that form the collection of antiquities within Kinloch Castle on the Isle of Rum are reported in the Statement of Financial Position at auction based valuation. The collection was acquired by donation at the time the castle itself was bequeathed in 1957, initially to the Nature Conservancy and subsequently to NatureScot via the Nature Conservancy Council.

A specialist external valuer, Bonhams Limited, carried out a full assessment of the collection of antiquities as at 3 May 2021 - delay due to Covid-19 restrictions. The valuations were undertaken on a basic auction level, including recent transaction information from sales where similar types of items are regularly purchased. Full valuations will be carried out every five years in accordance with the requirements in FReM. NatureScot reviews the inventory of antiques for accuracy on an annual basis.

The items forming the collection are deemed to have indeterminate lives; therefore it is deemed appropriate that no depreciation is charged.

Any expenditure which is required to preserve or prevent further deterioration of individual collection items will be recognised in the statement of comprehensive net expenditure when it is incurred.

2.5 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and on hand. IAS 7 Statement of Cashflows has been adopted to disclose the components of cash and cash equivalents.

2.6 Foreign currency exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Any outstanding monetary assets and liabilities at the year-end are translated into sterling at the rates ruling at 31 March. Translation differences are dealt with in the statement of comprehensive net expenditure.

2.7 Provisions

Provisions are recognised when NatureScot has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provisions is presented in the statement of comprehensive net expenditure net of any reimbursement. Pension related provisions are discounted where appropriate using the real rate set by HM Treasury of (5.10)% (2022/23: (4.15)%). Where discounting is used, the carrying amount of a provision increases in each year to reflect the passage of time. This change is recognised as a financial expense adjacent to interest but disclosed separately from other interest on the face of the statement of comprehensive net expenditure.

2.8 Taxation

NatureScot lost its charitable status from 1 April 2007 under the Charities and Trustees Investment (Scotland) Act 2005. However, HM Revenue & Customs (HMRC) has confirmed that NatureScot's charitable status has been preserved for taxation purposes.

VAT

Revenues, expenses and assets are generally recognised inclusive of the amount of VAT except where, in limited circumstances, the VAT incurred on a purchase of assets or services is recoverable from HMRC. Receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, HMRC is included as part of receivables or payables in the statement of financial position.

Corporation Tax

Corporation tax becomes due when NatureScot has taxable income in excess of HMRC's small trading threshold of £50,000. Where such taxable income exists, the related corporation tax expense, and where appropriate, a corporation tax liability will be reflected in the accounts.

2.9 Grant in aid

NatureScot receives Grant in aid from the Scottish Government to finance its net expenditure. Grant in aid is credited to the general reserve in the period in which it is received. The net cost of NatureScot is charged to this fund.

2.10 Funding from the European Commission

European Commission funding receivable is included in the Statement of Comprehensive Net Expenditure to match expenditure incurred to 31 March 2024 on approved projects.

Prior to 2021/22, EU Structural Funds managed by NatureScot, as outlined in note 11, were treated as an agency relationship with Scottish Government. This relationship was re-defined in 2021/22 and is now reflected as a principal relationship - income and related expenditure is recorded in the Statement of Comprehensive Expenditure and any balances due from Scottish Government continue to be shown in the Statement of Financial position. Any expected credit losses or adjustments to grants are also disclosed in the accounts (note 19)

2.11 Income and expenditure recognition

Income from activities and expenditure is accounted for in the year to which it relates and not when cash payments are made or received. Where income and expenditure has been recognised but cash has not been received or paid, a receivable or payable for the corresponding amount is recorded in the Statement of Financial Position.

2.12 Employee benefits

Pensions

The provision of the Principal Civil Service Pension Scheme (PCSPS) covers some present and past employees and is an unfunded, defined benefit, contributory public service occupational pension scheme. PCSPS is a multi-employer defined benefit scheme but NatureScot is unable to identify its share of the underlying assets and liabilities. Liability for payment of future benefits is a charge on the PCSPS which prepares its own scheme statements. The scheme actuary valued the PCSPS as at 31 March 2016. Further details on this can be found at Principal Civil Service Pension Scheme Actuarial Valuation: 31 March 2016 and the resource accounts of the Cabinet Office: Civil Superannuation.

Further information on pensions, including the changes that took effect from 1 April 2015 with the creation of the Alpha Pension scheme, is contained in the Remuneration and Staff report.

NatureScot recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payments to the PCSPS and Alpha of amounts calculated on an accruing basis. In respect of the defined contribution elements of the schemes, NatureScot recognises the contributions payable for the year.

Other employee benefits

A liability and an expense are recognised for accrued but unused annual leave and flexi leave balances at the 31 March, in accordance with the underlying policy. These costs are included in the amounts shown in the Remuneration and Staff report.

2.13 IFRS16 - Leases

IFRS 16, as adapted and interpreted by the FReM, has been applied with the initial application date of 1 April 2022. Previously leases were classified as either 'operating' or 'finance' leases based upon the assessment of risks and rewards being incidental to the ownership of the underlying asset. Under IFRS 16 NatureScot recognises assets where they consider they have the exclusive right to use the asset (right-of-use-assets) and the lease liability for most leases on the balance sheet.

i - Short-term Leases and Leases of Low-value Assets

The FReM mandates the recognition and measurement exemption for short-term leases with a non-cancellable term of less than 12 months. Any leases that fall into this exemption will be expensed and reflected in the Statement of Comprehensive Net Expenditure. Any leases that are considered to be of low value will also be expensed and treated in the same manner as short-term leases.

ii - Right-of-Use Assets and Lease liabilities

At inception of a contract, NatureScot assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. NatureScot can and do enter into lease contracts for:

- Property Office Space
- Property Land
- Motor Vehicles
- Office Equipment

Leases are recognised, measured and presented in line with IFRS 16: Leases.

At commencement or on modification of a contract that contains a lease component, NatureScot allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. In the context of leases which have a lease and service component which are identifiable, NatureScot only capitalises the amounts relating to the lease component.

NatureScot recognises a Right-of-use Asset and a Lease Liability at the lease commencement date. The rightof-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

iii - Peppercorn Leases

Within NatureScot, there are a number of leases which are provided on a peppercorn basis. That is, leases are provided for nil or nominal consideration in return.

These include agreements regarding land, usually protected areas. We use these to support natural heritage management for the following objectives:

- Management of the Natural Heritage
- Management for People
- Management of the Property

These can be Nature Reserve Agreements (S.16), SSSI Agreements (S.15), Wider Countryside Agreements (S.49A) or a Grazing Lease.

These leases were previously classified as Operating Leases and have been measured at Market Value by the District Valuation Office (DVO).

The difference between the brought forward Right-of-use Asset and Lease Liability has been posted to Taxpayers Equity.

iv - Accounting Treatment

The Right-of-use Asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to NatureScot by the end of the lease term or the cost of the right-of-use asset reflects that NatureScot will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset will be periodically reduced by impairment losses, if any, and adjusted for certain premeasurements of the lease liability.

The Lease Liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, then NatureScot will use the HM Treasury discount rate promulgated in the Public Expenditure System (PES) notices.

Lease payments included in the measurement of the Lease Liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- The amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that NatureScot is reasonably certain to exercise, Lease payments in an optional renewal period if NatureScot is reasonably certain to exercise an extension option, and
- Penalties for early termination of a lease unless NatureScot is reasonably certain not to terminate early.

The Lease Liability and Right-of-use Asset is re-measured when there is a change:

- in future lease payments arising from a change in an index or rate
- if there is a change in NatureScot's estimate of the amount expected to be payable under a residual value quarantee
- if NatureScot changes its assessment of whether it will exercise a purchase, extension or termination option or
- if there is a revised fixed lease payment.

Where a lease is on a twelve-month tacit arrangement and there is uncertainty as to when this will end we have assumed a lease term of five years.

NatureScot presents Right-of-use Assets as a separate category of Asset and the Lease Liability as a separate category of Liability on the face of the Statement of Financial Position supported by required note disclosures.

On transition to IFRS 16 lease liabilities have been measured at the cost of the remaining leases payments at 1 April 2022 and discounted to present value using the discount rate promulgated in PES Papers, which was 0.95% on 1 April 2022.

For new leases commencing during the 2023 calendar year a discount rate of 3.51% has been applied and for new leases commencing during the 2024 calendar year 4.72% has been applied as per the PES Notices.

2.14 Grants and management agreements

Grants and management agreements are accounted for in the financial year to which the underlying activity relates. NatureScot's policy is to recover grants where the conditions attached to that grant have been materially breached and no acceptable alternative conditions or remedies can be implemented.

Government Grants (including EU Funding)

Government grants, including non-monetary grants at fair value, shall not be recognised until there is reasonable assurance that:

- i. The entity will comply with the conditions attaching to them; and
- ii. The grants will be received

Receipt of a grant does not of itself provide conclusive evidence that the conditions attaching to the grant have been or will be fulfilled.

Research and development

Research and development expenditure, excluding certain IT projects, is charged to the statement of comprehensive net expenditure. IT projects which lead to an intangible asset being created are included in the statement of financial position as additions to intangible fixed assets, and NatureScot's operating costs reduced accordingly.

2.16 Impairment of non-financial assets

NatureScot assesses at each reporting date whether there is an indication that any assets may be impaired. This assessment is made through discussions with property colleagues to identify any events which have occurred that would indicate that impairment may have taken place and also from the formal or interim valuations undertaken in accordance with the policy at notes 2.1 and 2.4.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered to be impaired and is written down to its recoverable amount. Impairment losses are recognised in the statement of comprehensive net expenditure, except for assets previously re-valued where the revaluation was taken to the asset revaluation reserve. In this case the impairment is recognised in the asset revaluation reserve up to the amount of any previous revaluation.

Where impairments have not been disclosed in accordance with IAS 36.130, the following information for the aggregate of impairment losses and aggregate reversals of impairment losses recognised during the period needs to be disclosed:

- (a) the main classes of assets affected by impairment losses (and the main classes of assets affected by reversals of impairment losses)
- (b) the main events and circumstances that led to the recognition of these impairment losses and reversals of impairment losses

2.17 Interest income

Interest income is recognised as interest accrues using the effective interest rate and is included in the statement of comprehensive net expenditure as non-operating income.

2.18 Financial instruments

NatureScot does not hold any complex financial instruments. The only financial instruments included in the accounts are receivables, cash and cash equivalents and payables (notes 19, 20 and 22). Trade and other receivables are recognised initially at fair value (which is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale) less any impairment for any amounts assessed as irrecoverable.

Impairment of Financial Instruments

An impairment of debt for irrecoverable amounts is made where there is evidence that NatureScot will be unable to collect an amount due in accordance with agreed terms. Trade and other receivables are recognised at fair value. An impairment of Government Grants (including EU Funding) is made where there is evidence or a judgement applied that NatureScot will be unable to claim the full amount of the grant or a reduction in the grant reimbursement rate is likely to be applied.

2.19 Judgements, accounting estimates and assumptions

The preparation of the accounts requires the Accountable Officer to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements in applying accounting policies

A number of critical judgements have been applied within the accounting policies detailed in notes 2.1 - 2.19 and include such areas as when an asset is impaired, whether to recognise a potential liability as a provision or contingent liability, how to treat a lease as an operating or finance lease, the basis on which non-current assets are valued.

During 2023-24 as with the previous year the following critical judgements were applied:

 Following discussions with Scottish Government, the treatment of EU structural fund income and expenditure was revised due to a change in the assessment of NatureScot's relationship in 2021/22. EU Structural Funds are now accounted for as a principal relationship whereas in previous years it was treated as an agency relationship (note 2.10 and note 11). The receivable amount due from Scottish Government is disclosed as part of current receivables (note 19) which reflects NatureScot's understanding that payment for all outstanding claims at 31 March 2024 will be received from Scottish Government within the following 12 months. An adjustment has been made to the receivable balance at 31st March 2024 to reflect the risk of claims not being reimbursed by the Managing Authority.

The basis for this adjustment of 3.4% is the loss incurred by NatureScot from previous de-committed claims. This rate has also been applied to the expected credit loss arising from management costs claimed by NatureScot in its role as lead partner for the EU Structural Funds Programmes (note 11).

Key areas of estimation and sources of estimation uncertainty

The main areas of the accounts, which involve estimation, relate to provisions, valuation of non-current assets, useful lives to use for depreciation of non-current assets, some manual accruals and expected credit losses relating to the de-commitment risk on Structural Funds payments. However, NatureScot believes none of these are uncertain to the extent that they would vary by an amount which would have a material impact in the accounts other than expected credit losses relating to the de-commitment risk on Structural Funds payments where the final claims for the programme will be made by 31 January 2024.

2.20 Accounting standards issued but not yet effective

IFRS S1 General Requirements for Disclosure of Sustainability Related Financial Information is effective for Annual Reporting Periods beginning on or after 1st January 2024. IFRS S1 sets out the requirements for disclosing information about an entity's sustainability-related risks and opportunities. In particular, an entity is required to provide disclosures about:

- the governance processes, controls and procedures the entity uses to monitor, manage and oversee sustainability-related risks and opportunities;
- the entity's strategy for managing sustainability-related risks and opportunities;
- the processes the entity uses to identify, assess, prioritise and monitor sustainability-related risks and opportunities; and
- the entity's performance in relation to sustainability-related risks and opportunities, including progress towards any targets the entity has set or is required to meet by law or regulation.

In terms of IFRS S1, NatureScot has already introduced additional narrative into the 2023-24 Annual Report and Accounts Performance Report with "Our Response to Climate Change". NatureScot is also developing a Climate Adaptation Plan.

3. Segment information

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the organisation that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. NatureScot reports segmental information based on the four outcomes agreed by Senior Leadership Team as effective areas of work to best achieve the organisation's goals and objectives. The accounting policies of the reportable outcomes are the same as those accounting policies described in note 2.

During 2023/24 NatureScot delivered its Corporate Strategy through the following outcomes as set out in the Performance Report section of the annual report.

The table presents management information, produced on an IFRS basis, on income, expenditure, net operating cost and capital additions relating to the operating segments for the year ended 31 March 2024.

Other assets and liabilities are not reported on a segmental basis as they do not form part of the regular review by management to make decisions about resources to be allocated to the segment or to assess its performance.

Year ended 31 March 2024	Priority 1 £000	Priority 2 £000	Priority 3 £000	Priority 4 £000	Total of operating segments £000
Income					
External funding	678	2,336	133	68	3,215
Income from activities	75	3	82	746	906
EU funding	3	6,310	8,947	_	15,260
Profit on disposal of non-current assets	-	-	-	(19)	(19)
Total income	756	8,649	9,162	795	19,362
Expenditure					
Staff costs	13,535	7,227	6,616	11,024	38,402
Other costs	1,870	1,152	684	5,913	9,619
Operating costs	4,532	29,807	11,770	1,503	47,612
Capital grant-in-kind	-	-	-	-	_
Decrease in provisions	-	-	-	(297)	(297)
Depreciation of property, plant and equipment	-	-	-	2,104	2,104
Amortisation of intangible assets	-	-	-	15	15
Revaluation (gains) on property, plant and equipment	-	-	-	(115)	(115)
Total operating expenditure	19,937	38,186	19,070	20,147	97,340
Net operating expenditure	19,181	29,537	9,908	19,352	77,978
Interest receivable	-	(4)	-	(291)	(295)
Net expenditure after interest	19,181	29,533	9,908	19,061	77,683
Corporation tax	-		-	10	10
Net expenditure	19,181	29,533	9,908	19,071	77,693
Capital asset additions	653	_	287	1,071	2,011

Priority 1 - **Protecting Nature** - Strengthened protection of existing biodiversity

Priority 2 - **Restoring Nature** - Halt the loss of biodiversity by 2030 and restore nature by 2045

Priority 3 - Valuing Nature.

Priority 4 - The NatureScot Way - Our passion, inspiration and expertise will put nature at the heart of Scotland's future.

Year ended 31 March 2023	Priority 1 £000	Priority 2 £000	Priority 3 £000	Priority 4 £000	Total of operating segments £000
Income					
External funding	145	620	236	101	1,102
Income from activities	59	72	85	893	1,109
EU funding	124	1,542	3,568	-	5,234
Profit on disposal of non-current assets	743	-	2	(741)	4
Total Income	1,071	2,234	3,891	253	7,449
Expenditure					
Staff costs	12,121	6,472	5,924	9,873	34,390
Other costs	1,075	607	681	5,336	7,699
Operating costs	4,818	17,546	7,331	1,810	31,505
Capital grant-in-kind	_	-	-	130	130
Increase in provisions	-	-	-	62	62
Depreciation of property, plant and equipment	-	-	-	2,186	2,186
Amortisation of intangible assets	-	-	-	74	74
Revaluation gains on property, plant and equipment	-	-	-	206	206
Total operating expenditure	18,014	24,625	13,936	19,677	76,252
Net operating expenditure	16,943	22,391	10,045	19,424	68,803
Interest receivable	-	-	-	(52)	(52)
Net expenditure after interest	16,943	22,391	10,045	19,372	68,751
Corporation tax	-	-	-	11	11
Net expenditure	16,943	22,391	10,045	19,383	68,762
Capital asset additions	624	20	211	1,629	2,484

Cash grant-in-aid 4.

Total cash grant-in-aid drawn down from the Scottish Government in 2023/24 was £89.428m (2022/23: £76.312m).

This included ring-fenced cash grant-in-aid within NatureScot's RDEL budget for a JNCC grant of £1.157m (2022/23: £1.157m), cash provision for Structural Funds of £12.810m (2022/23: 7.848m) and £0.144m for IFRS16 payments.

There are no unfulfilled conditions or contingencies relating to the grant in aid for 2023-24 as per the final Budget Allocation Letter from Scottish Government.

	2023-24 £000	2022-23 £000
Resource DEL grant-in-aid	59,168	55,426
Capital DEL grant-in-aid	17,306	13,038
Structural funds cash	12,810	7,848
IFRS16 Lease Payments	144	_
	89,428	76,312

External funding

	2023-24 £000	
Partnership and other grant income	1,870	717
Other external funding	1,345	384
	3,215	1,101

Income from activities 6.

	2023-24 £000	
Professional services	_	68
Managing resources	830	966
Other income from activities	76	75
	906	1,109

Professional services are a demand driven activity and include providing services to other public sector bodies. Managing resources includes income derived from property and site use. Other income from activities relates to income from shared services.

7. **EU** funding

	2023-24 £000	2022-23 £000
EU life funding	110	-
EU Structural funds funding - payment to grantees	14,700	4,783
EU Structural funds funding - NatureScot mgmt. costs	448	380
EU Interreg funding	2	71
	15,260	5,234

The increase in EU Structural Funds is primarily due to the volume of payments made to Third Party Grantees in the final year of the Structural Funds Programme which needed to be submitted to Scottish Government before the 31st December 2023. The challenges with Scottish Government in regard to claim submissions in previous years has also contributed to this peak in claim submissions during 2023-24.

In addition, under IAS20 Government Grants, a provision of £0.509m has been charged against EU Income to be applied against ineligible expenditure identified as a result of the Structural Funds Final Claim submission to Scottish Government relating to Third Party Grantees.

8. (Profit) / loss on disposal of non-current assets

The total proceeds from the sale of non-current assets were £0.841m (2021/22: £0.169m).

	2023-24 £000	
(Profit) / loss on disposal of non-current assets	19	(4)

The total proceeds from the sale of non-current assets were £0.112m (2022/23: £0.841m).

Staff costs 9

Staff costs for 2023/24 were £38.401m (2022/23: £34.390m). Further analysis of these costs is shown within the Accountability Report.

10. Interest receivable

	2023-24 £000	
Bank interest	301	61

Structural funds 11.

NatureScot is a Lead Partner for two ERDF Strategic Interventions as part of the 2014-2020 European Regional Development Fund (ERDF) Programme.

Green Infrastructure Strategic Intervention (GISI)

The aim of the GISI is to invest in communities to help them to grow economic activity and employment by creating and improving multi-functional Green Infrastructure on a major scale in Scotland's Towns and Cities. This also contributes in dealing with the climate emergency being central to adaptation and mitigation.

Natural & Cultural Heritage Strategic Intervention (N&CHFSI)

The aim of N&CHFSI is to promote and develop the natural and cultural heritage of the Highlands & Islands in a way which conserves and protects them. The aim is to encourage people to visit some of the more remote and rural areas, creating and sustaining jobs, businesses and services in local communities.

As Lead Partner, NatureScot's role is to approve claims and make payments to Grantees and then subsequently submit these claims to Scottish Government (SG) for reimbursement. NatureScot submits claims to SG for its own activities relating to its role as Lead Partner for both Strategic Interventions and as a claimant for one N&CHFSI project (Hermaness Hill Path and Welcome Area). These claims are reflected in the Statement of Net Comprehensive Expenditure and Statement of Financial Position.

The balances due from SG at 31 March 2024 are reflected within Receivables:

	2023-24 £000	2022-23 £000
Relating to third party claims		
GISI Claims receivable from SG at 1 April 2020	165	165
GISI Claims paid out by NatureScot in 2020/21	60	60
GISI Claims paid out by NatureScot in 2021/22	19	19
GISI Claims paid out by NatureScot in 2022/23	3,075	3,075
GISI Claims paid out by NatureScot in 2023/24	9,052	_
N&CHFSI Claims paid out by NatureScot in 2021/22	147	147
N&CHFSI Claims paid out by NatureScot in 2022/23	1,468	1,468
N&CHFSI Claims paid out by NatureScot in 2023/24	5,900	_
Amounts due from Scottish Government at 31 March 2024	19,886	4,934

	2023-24 £000	2022-23 £000
Relating to NatureScot claims		
GISI Claims receivable from SG at 1 April 2020	35	35
GISI Claims receivable from SG in 2020/21	151	151
GISI Claims receivable from SG in 2021/22	144	144
GISI Claims receivable from SG in 2022/23	121	121
GISI Claims receivable from SG in 2023/24	150	_
N&CHFSI Claims receivable from SG at 1 April 2020	283	283
N&CHFSI Claims receivable from SG in 2020/21	203	203
N&CHFSI Claims receivable from SG in 2021/22	682	682
N&CHFSI Claims receivable from SG in 2022/23	311	311
N&CHFSI Claims receivable from SG in 2023/24	299	-
Amounts due from Scottish Government at 31 March 2024	2,379	1,930

Of the balance relating to NatureScot Claims, £1.860m (2022/23: £1.412m) relates to Management Costs in its role as Lead Partner and £0.519m (2022/23: £0.518m) relates to a claim for one N&CHFSI project.

During the final claim submission, it was identified both through NatureScot's own compliance checks and through discussions with the Managing Authority that £742k was unable to be submitted. NatureScot has clawed back £259k from Third Party Grantees and £483k has been written-off.

12. Other costs

	2023-24 £000	2022-23 £000
Staff related costs	589	795
Office and other accommodation	2,755	2,320
Travel	592	393
Communications	1,849	1,913
Supplies and services	1,239	1,297
Vehicle costs	273	280
Consultancy costs	1,742	561
Expected credit losses & Govt Grants	498	60
Audit fee payable to Audit Scotland	83	79
	9,620	7,698

The external audit fee payable for the year was £83,482 (2022/23: £78,730). The increase in Consultancy costs relates to a number of CivTech Projects including Nature Networks and Protected Areas Management.

13. Operating costs

	2023-24 £000	
Promotion	918	844
Research & Development	4,496	4,948
Grants	35,552	19,257
Partnership funding	2,041	2,043
Management agreements	1,593	2,008
Managed sites	3,012	2,405
	47,612	31,505

Operating costs include EU Structural Funds expenditure amounting to £15.836m (2022/23: £4.918m). The partnership funding figure of £2.041m includes ring-fenced funding to JNCC of £1.157m (2022/23: £1.157m). The increase from 2022/23 to 2023/24 in grants relates to the increased funding made available to NatureScot to deliver Peatland Action, Nature Restoration Fund, Biodiversity Challenge Fund, Better Places Fund together with claims paid out during 2023/24 relating to GISI and NC&HFSI (note 11).

Grant and partnership funding expenditure of £37.593m (2022/23: £21.300m), comprises £27.408m grants made to the public sector and £10.185m to the private and third sectors.

14. Corporation tax

	2023-24 £000	
Corporation tax	10	11

Corporation tax is payable on net income arising from renewable heat incentives and feed in tariffs activities.

15. Heritage assets

Year ended 31 March 2024	Heritage land £000	Heritage building £000	_	Total heritage assets £000
Cost or Valuation				
At 1 April 2023	93	-	_	93
Additions	-	-	-	-
Additions - not previously recognised	_	_	-	-
Disposals	_	_	_	-
Reclassification	1	_	775	776
Revaluations	_	_	_	-
Adjustments	_	_	-	-
At 31 March 2024	94	-	775	869

Year ended 31 March 2023	Heritage land £000	Heritage building £000	Antiques and works of art £000	Total heritage assets £000
Cost or Valuation				
At 1 April 2022	93	_	_	93
Additions	_	-	-	-
Additions - not previously recognised	35	-	-	35
Disposals	(35)	_	_	(35)
Reclassification	_	-	_	-
Revaluations	_	-	_	-
Adjustments	-	_	_	_
At 31 March 2023	93	-	-	93

Details relating to the valuation of Heritage Assets can be found in accounting policy <u>note 2.4.</u>

15.1 Heritage land

At 31 March 2024 41,058 hectares (ha) of heritage land were either owned or leased by NatureScot. The majority of this land is managed as national nature reserves (NNR) - nationally important places where we encourage people to come and experience the best of Scotland's nature. The remaining land is either associated with the NNR but not designated as such, or is managed as a site of special scientific interest or for other conservation purposes.

Five year summary of heritage land transactions

	2023-24 ha	2022-23 ha	2021-22 ha	2020-21 ha	2019-20 ha
Holdings owned b/f	33,654	34,263	34,263	34,366	34,363
Holdings leased b/f	7,404	7,404	7,404	7,404	7,404
Adjustments	-	-	_	_	(14)
Total holdings b/f	41,058	41,667	41,667	41,770	41,767
Acquisitions					
Land - owned	-	-	_	-	3
Land - leased	_	-	_	-	-
Total acquisitions	_	-	-	_	3
Disposals					
Land - owned	_	(609)	_	(103)	-
Land - leased	_	-	-	_	-
Total disposals	_	(609)	-	(103)	-
Holdings owned c/f	33,654	33,654	34,263	34,263	34,366
Holdings leased c/f	7,404	7,404	7,404	7,404	7,404
Total holdings c/f	41,058	41,058	41,667	41,667	41,770

There were no acquisitions of owned or leased heritage land by NatureScot in 2023/24.

NatureScot manages its heritage land through adherence to the following management objectives:

Management of the Natural Heritage

We manage our NNRs and NRs to maintain or restore their nature conservation interests to the best achievable condition. Our management of nature reserves is informed by research, survey and monitoring. We use this information to better understand the nature conservation interests of the reserves, and develop new knowledge and skills to improve our management of wildlife habitats. We may use specialised management techniques to achieve our conservation aims, and our reserves allow us to demonstrate and share our knowledge and experience of these with others.

Management for People

Our visitors are important to us and our management is committed to raising the profile of NNRs and ensuring that they are accessible to as wide a range of people as possible. We want our visitors to know they are welcome; and to leave knowing more and appreciating the special nature conservation qualities each reserve has to offer.

Management of the Property

We strive to ensure that all of our property is well maintained, clean and safe. We comply with legislative requirements and are committed to reducing our environmental impact through sustainable initiatives.

15.2 Antiques and works of art

The Kinloch Castle collection consists of paintings, furniture, ceramics and musical instruments of Victorian and Japanese origins. The collection is valued every five years as described in accounting policy <u>note 2.4</u>. The valuation took place in May 2021 (delayed from February 2021 due to Covid-19 travel restrictions), the results of which are reflected in the accounts.

The values of the items may reduce due to both the market and the overall condition of the assets. The valuation, when undertaken, is gauged on a basic auction level. Though it's possible for the worth of the antiques to improve, we have been advised by the auctioneers that the value will likely reduce further over the coming years due to condition and market trends.

Castle tours have been suspended, and there are currently no plans to resume these.

Due to a recent theft of a painting, a full inventory was completed in May 2024. Only one minor item was found to be missing, and this is still being investigated.

16. Property, plant and equipment

Purchases of total property, plant and equipment in the schedule of £1.294m (2022/23: £1.934m) appear in the cash flow statement as £1.460m after adjustment for opening and closing property, plant and equipment accruals in trade and other payables.

	Land £000	Buildings £000	Dwellings £000	Infrastructure assets £000	Leasehold improvements £000	Information technology £000	Vehicles £000	Other equipment £000	Furniture, fixtures & fittings £000	Assets under construction £000	Total property, plant & equipment £000
Cost or Valuation			'	'	'	'	'		'	'	
At 1 April 2023	2,598	20,201	694	655	1,489	2,438	3,403	2,134	1,544	233	35,389
Additions	-	183	-	-	-	325	140	10	-	636	1,294
Additions: assets not previously recognised	23	-	-	-	-	-	-	-	-	_	23
Disposals	-	(42)	-	-	(16)	(74)	(311)	(46)	(3)	_	(492)
Reclassification	6	801	-	-	-	-	-	10	-	(798)	19
Revaluations	328	(697)	88	(74)	-	-	134	176	-	-	(45)
Adjustments	-	(1)	-	-	-	-	-	-	-	1	_
At 31 March 2024	2,955	20,445	782	581	1,473	2,689	3,366	2,284	1,541	72	36,188
Depreciation											
At 1 April 2023	-	(613)	(27)	(75)	(1,076)	(1,784)	(1,931)	(1,529)	(1,544)	-	(8,579)
Charge for year	-	(653)	(34)	(47)	(26)	(280)	(471)	(168)	-	-	(1,679)
Disposals	-	2	-	-	15	62	257	45	3	-	384
Reclassification	_	-	-	-	-	-	-	-	-	-	_
Revaluations	-	1,264	61	122	-	-	(76)	(127)	-	-	1,244
Adjustments	-	-	-	-	-	-	-	-	-	-	_
At 31 March 2024	-	-	-	-	(1,087)	(2,002)	(2,221)	(1,779)	(1,541)	-	(8,630)
Net book value at 31 March 2024	2,955	20,445	782	581	386	687	1,145	505	-	72	27,558
Net book value at 31 March 2023	2,598	19,588	667	580	413	654	1,472	605	-	233	26,810
Cost model net book value at 31 March 2024	1,911	19,297	281	415	-	-	1,080	446	-	-	23,430

The names and qualifications of the valuer, frequency of valuations, the date on which they were valued and the property, plant and equipment that is subject to revaluation using indices can be found in accounting policy note 2.1.

Where an asset is valued to Fair Value, IFRS 13 requires the valuer to make additional disclosures regarding the valuation technique applied to measure the Fair Value and the nature of the inputs to that valuation technique, having regard to the fair value hierarchy prescribed at paras 76 to 90 of IFRS 13.

It is confirmed that the valuation technique applied in respect of all the Fair Value figures contained in this report was the market approach. The market approach is described at paras B5 to B7 of IFRS 13; it uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets.

The inputs to this technique constitute Level 2 inputs in each instance. Level 2 inputs are inputs that are observable for the asset, either directly or indirectly. The inputs used took the form of analysed and weighted market evidence such as sales, rentals and yields in respect of comparable properties in the same or similar locations at or around the valuation date.

16. Property, plant and equipment (cont'd)

	Land £000	Buildings £000	Dwellings £000	Infrastructure assets £000	Leasehold improvements £000	Information technology £000	Vehicles £000	Other equipment £000	Furniture, fixtures & fittings £000	Assets under construction £000	Total property, plant & equipment £000
Cost or Valuation		'		'	'			'		'	
At 1 April 2022	2,587	19,966	684	655	1,447	2,594	2,805	1,823	1,544	258	34,363
Additions	-	453	-	-	42	405	574	150	-	310	1,934
Additions: assets not previously recognised	2	-	-	-	-	-	-	-	-	-	2
Disposals	(4)	-	-	-	-	(561)	(86)	(109)	-	-	(760)
Reclassification	-	292	-	-	-	-	-	43	-	(335)	_
Revaluations	13	(511)	10	-	-	-	110	227	-	-	(151)
Adjustments	-	1	-	-	-	-	-	-	-	-	1
At 31 March 2023	2,598	20,201	694	655	1,489	2,438	3,403	2,134	1,544	233	35,389
Depreciation											
At 1 April 2022	_	(432)	(49)	(14)	(1,049)	(2,086)	(1,522)	(1,326)	(1,544)	_	(8,022)
Charge for year	_	(691)	(28)	(61)	(27)	(249)	(430)	(135)	_	_	(1,621)
Disposals	_	_	-	-	_	551	81	98	_	_	730
Reclassification	_	-	-	-	_	_	_	-	_	_	
Revaluations	_	510	50	-	_	_	(60)	(166)	-	_	334
Adjustments	_	-	-	-	_	_	_	-	_	-	
At 31 March 2023	-	(613)	(27)	(75)	(1,076)	(1,784)	(1,931)	(1,529)	(1,544)	_	(8,579)
Net book value at 31 March 2023	2,598	19,588	667	580	413	654	1,472	605	-	233	26,810
Net book value at 31 March 2022	2,587	19,534	635	641	398	508	1,283	497	-	258	26,341
Cost model net book value at 31 March 2023	1,889	19,032	308	446	_	_	1,431	567	_	_	23,673

16. Property, plant and equipment (cont'd)

IFRS16 - Leases

Right of use Assets

	Heritage land £000	Heritage buildings £000	Vehicles £000	Property £000	Office equipment £000	Total right of use assets £000
Cost or Valuation						
At 1 April 2023	302	21	75	1,030	57	1,485
Additions	14	-	61	29	18	122
Disposals	-	-	(23)	(353)	_	(376)
Revaluations	(126)	(9)	3	(478)	5	(605)
Modification	-	-	_	-	_	_
At 31 March 2024	190	12	116	228	80	626
Depreciation						
At 1 April 2023	(42)	(3)	(47)	(450)	(23)	(565)
Charge for year	(42)	(3)	(50)	(306)	(24)	(425)
Revaluations	84	6	(2)	394	(1)	481
Disposals	-	-	23	353	_	376
At 31 March 2024	-	-	(76)	(9)	(48)	(133)
Net book value at 31 March 2023	260	18	28	580	34	920
Net book value at 31 March 2024	190	12	40	219	32	493
Cost model net book value at 31 March 2024	232	15	40	303	30	620

Leasehold improvement expenditure prior to 1st April 2023 and during the financial year has not been included in the Right of Use Asset values as already capitalised and depreciated as per our existing Capitalisation and Depreciation policy.

17. Revaluation gains and losses

At 31 March 2024, the 100% review of land and property was undertaken by District Valuers of the Valuation Office Agency together with any other requested valuations, which resulted in the following net revaluation gains and losses (notes 15 and 16) totalling a £1.074m gain as per Table 1 below:

Detail	Net
Note 16 - PPE - Cost	(45)
Note 16 - PPE - Depreciation	1,244
Note 16 - RoU - Cost	(605)
Note 16 - RoU - Depreciation	480
Total net gain / (loss)	1,074

Detail	Total	SoCNE	Revaluation Reserve
Gains	1,543	464	1,079
(Loss)	(469)	(349)	(120)
Total net gain / (loss)	1,074	115	959

As per Table 2, there were revaluation losses of £0.469m (2022/23: £0.328m) of which £0.349m is charged to the statement of comprehensive net expenditure and £0.120m is charged to the revaluation reserve to reverse previous revaluation gains.

As per Table 2, there were revaluation gains of £1.543m (2022/23: £0.513m) of which £0.464m is credited to the statement of comprehensive net expenditure to reverse prior year revaluation losses and £1.079m is credited to the Revaluation Reserve.

These are reflected as revaluation gains of £0.959m (2022/23: £0.390m Gain) within the Revaluation Reserve in the <u>Statement of Changes in Taxpayers' Equity</u> and revaluation gains of £0.115m (2022/23: £0.206m Loss) in the Statement of Comprehensive Net Expenditure.

18. Intangible assets

	Internally developed software £000	Internally developed software AUC £000	Software licences £000	Total intangible assets £000
Cost or Valuation				
At 1 April 2023	379	388	420	1,187
Additions	-	595	-	595
Disposals	(300)	_	(275)	(575)
Reclassification	-	_	-	-
Adjustments	-	_	-	-
At 31 March 2024	79	983	145	1,207
Amortisation				
At 31 March 2023	(344)	_	(415)	(759)
Charge for year	(13)	_	(2)	(15)
Disposals	279	_	273	552
Adjustments	-	_	-	-
At 31 March 2024	(78)	-	(144)	(222)
Net book value at 31 March 2024	1	983	1	985
Net book value at 31 March 2023	35	388	5	428

18. Intangible assets (cont.)

	Internally developed software £000	Internally developed software AUC £000	Software licences £000	Total intangible assets £000
Cost or Valuation				
At 1 April 2022	413	-	473	886
Additions	-	388	_	388
Disposals	(34)	-	(54)	(88)
Reclassification	-	-	-	_
Adjustments	-	-	1	1
At 31 March 2023	379	388	420	1,187
Amortisation				
At 31 March 2022	(310)	-	(461)	(771)
Charge for year	(68)	-	(6)	(74)
Disposals	34	-	52	86
Adjustments	-	-	-	_
At 31 March 2023	(344)	-	(415)	(759)
Net book value at 31 March 2023	35	388	5	428
Net book value at 31 March 2022	103	-	12	115

None of the Research & Development expenditure ($\underline{\text{note 13}}$) amounting to £4.496m (2022/23: £4.948m) qualify as an intangible asset.

19.a. Trade and other receivables

	2023-24 £000	2022-23 £000
Trade receivables	636	517
Other receivables	30	20
Prepayments and accrued income	850	688
Claims due from European funding sources	21,524	6,794
Other funding claims	379	377
	23,419	8,396
Trade and other receivables falling due after one year	-	-
Trade and other receivables	23,419	8,396

At 31 March 2024, there were expected credit losses of £0.063m (2022/23: £0.089m). £0.063m relates to estimated losses against the amounts due from the Managing Authority to NatureScot for its activities as lead partner for the programme. Refer to $\underline{\text{note 11}}$ on Structural Funds and $\underline{\text{note 29}}$ for the measurement basis of the expected credit loss.

The amount for "Claims due from European funding sources" has been reduced by £0.757m along with a corresponding reduction to "EU Structural Funds Funding – Payment to Grantees" (<u>note 7</u>) to reflect the risk of claims not being reimbursed by the Managing Authority (note 2.19).

The increase in Trade and other receivables is due to amounts due from Scottish Government relating to the Green Infrastructure and Natural Cultural & Heritage Fund projects (<u>note 11</u>) and an increase in accrued income relating to ongoing projects at the end of the year.

19.b. Whole of Government Accounts trade and other receivable balances

	2023-24 £000	
Comprising balances with:		
Other central government bodies	21,740	7,583
Local authorities	133	6
	21,873	7,589
All other trade and other receivables	1,546	807
	23,419	8,396

20. Cash and cash equivalents

	2023-24 £000	
Cash and cash equivalents	10,817	13,767
Scottish Marine Environmental Enhancement Fund contribution received in advance	292	135
	11,109	13,902

Cash at bank earns interest at the floating interest rate linked to base rate within commercial bank accounts. The balance was lower at 31 March 2024 due to the 31 March 2023 balance including ear-marked funds held for financing the Structural Funds payments to Grantees. Bank accounts are held with the Scottish Government Banking Services Framework.

21. Non-current assets classified as held for sale

	2023-24 £000	
Opening balance at 1 April 2023	795	1,674
Disposals of assets during the year	-	(899)
Additions: assets not previously recognised	-	20
Reclassification of assets during the year	(795)	_
	-	795

Assets held for sale included Kinloch Castle, the antiques and works of art contained within the castle and the Rum Byre and Workshop which was to be included in the sale of Kinloch Castle.

Following a management review in the year 2023 – 24, Kinloch Castle, its antiques and works of arts, and the Rum Byre and Workshop no longer qualified as non-current assets held for sale. They have been transferred back to Heritage assets (note 15) and property, plant and equipment (note 16) respectively.

22. a. Trade and other payables

	2023-24 £000	2022-23 £000
Trade payables	932	906
Accruals and deferred income	10,407	9,490
Other tax and social security	747	653
VAT payable	20	39
Project funds and deposits in advance	213	270
	12,319	11,358
Trade and other payables falling due after one year	-	-
Trade and other payables falling due within one year	12,319	11,358

The increase in total trade and other payables of £0.961m (2022/23: increase of £0.023m) is shown in the $\underline{\text{statement of cash flows}}$ as an increase of £1.117m and is after adjustment for capital and retention creditors of £0.156m (notes 16 and 18).

22. b. Whole of Government Accounts trade and other payable balances due within one year

	2023-24 £000	2022-23 £000
Comprising balances with:		
Other central government bodies	2,723	1,783
Local authorities	263	387
	2,986	2,170
All other trade and other payables	9,333	9,188
	12,319	11,358

23. Provision for dilapidations, onerous leases and other provisions

	2023-24 £000	
Balance at 1 April 2023	332	272
Increase to provision during the year	25	62
Expenditure in the year charged against the provision	(297)	(2)
	60	332
Balance at 31 March 2024 falling due within one year	(60)	(282)
Balance at 31 March 2024 falling due after one year	-	50

The provision relates to dilapidation provisions relating to three NatureScot offices. Due to the short-term nature of these provisions, no discounting has been applied. The dilapidation provision relating to the lease termination of Silvan House has been released against expenditure of £282k.

24. Leases

24.1 IFRS16 - Leases

	2023-24 £000	2022-23 £000
Obligations under Leases		
At 1 April 2023		
Opening Balance	853	1,236
Additions	20	161
Accretion of Interest	6	9
Adjustments	77	-
Payments	(419)	(553)
At 31 March 2024	537	853
Current	265	381
Non-current	272	472

NatureScot had total cash outflows for leases of £0.419m (2022/23: £0.553m) in the year 2023 - 24. It also had non-cash additions to right of use assets and lease liabilities of £0.020m (2022-23: £0.161m) in the year 2023-24.

	2023-24 £000	
Recognised in Statement of Comprehensive Net Expenditure:		
Depreciation expense of right of use assets	425	564
Interest expense on lease liabilities	6	9
Expense relating to short-term and low-value leases	9	4
	440	577

Short Term and Low Value Lease Commitments

NatureScot has lease commitments for Short-term and Low-value leases which total £0.011m (2022/23: £0.004m). Those within one year £0.009m (2022/23: £0.001m) and within five years NIL (2022/23: £0.002m) and £0.002m thereafter.

24.2 Lease payments due from other public sector bodies

At 31 March 2024, NatureScot expects to receive the following future minimum lease payments under noncancellable MOTU's and leases arising from co-location arrangements with other bodies.

	2023-24 Buildings £000	Land	2023-24 Total £000	Buildings		Total
Expiry within:						
One year	588	15	603	616	9	625
Two to five years	893	59	952	1,124	35	1,159
After five years	89	191	280	269	123	392
	1,570	265	1,835	2,009	167	2,176

As at 31st March 2024 NatureScot had twenty one building agreements and one land agreement with other bodies of which seventeen are with public bodies representing £1.556m (85%) of the future minimum lease payments. NatureScot will be receiving 94% of these lease payments within the next five years. The majority of the remaining agreements are with third sector organisations (£0.270m). Liquidity risk is therefore low particularly as NatureScot is looking to manage its property portfolio towards sharing premises with other public sector bodies.

25. Capital and other commitments

25.1 Capital

As at 31 March 2024 NatureScot had various commitments for spend under its future capital programme for 2023/24 totalling £1.811m (2022/23: £1.850m). The decrease in commitments for 2023-24 is due to a decrease in capital budget. This expenditure fell into the following categories:

	2023-24 Authorised and contracted £000	Authorised but not contracted		2022-23 Authorised and contracted £000		2022-23 Total
Property, plant and equipment	287	924	1,211	832	711	1,543
Intangible assets	304	296	600	300	7	307
	591	1,220	1,811	1,132	718	1,850

NatureScot is also due contributions totalling £0.106m towards the above capital commitments.

25.2 Management Agreements

Forward commitments to continuing annual payments, under leases and management agreements covering the years up to and including 31 March 2089 are as follows:

	2023-24 £000	
Payable within 1 year	229	371
Payable in 2-5 years	619	706
Payable after 5 years	1,881	2,005
	2,729	3,082

25.3 Grants

Forward commitments on grants accepted or offered as at 31 March 2024 covering the years up to and including 31 March 2029 are as follows:

	2023-24 £000	
Payable within 1 year	15,812	8,767
Payable in 2-5 years	7,165	4,421
	22,977	13,188

26. Contingent liabilities

A compensation claim has been lodged relating to a management agreement that was in place between 1987 and 2012. Negotiations are ongoing with the claimant and at this time it is not possible to determine the potential liability, if any, that will arise.

27. Related party transactions

i - Directorate

NatureScot is a non-departmental public body sponsored by the Scottish Government Directorate for Environment and Forestry. The Directorate is regarded as a related party.

During the year, and in the normal course of business, NatureScot has had a number of material transactions with the Directorate and other entities for which the Directorate is regarded as the sponsor, as follows:

	Payments £000	=
Payables		
Loch Lomond and the Trossachs National Park	42	-
SEPA	116	-
Cairngorm National Park Authority	6	-
Royal Botanical Gardens Edinburgh	210	-
	374	-

	Receipts £000	Receivables Balance £000
Receivables		
Loch Lomond and the Trossachs National Park	6	-
SEPA	32	-
Cairngorm National Park Authority	5	-
Royal Botanical Gardens Edinburgh	3	2
	46	2

ii - Other Government Bodies

NatureScot has also had a number of transactions with other government departments, central government bodies, local government and other non-departmental public bodies including:

	Payments £000	Payables Balance £000
Payables		
DEFRA	1,157	_
Joint Nature Conservation Committee	79	-
Forestry Land Scotland	391	-
Scottish Forestry	4	-
	1,631	_

	Receipts £000	
Receivables		
DEFRA	23	_
Joint Nature Conservation Committee	13	-
Forestry Land Scotland	231	4
Scottish Forestry	90	3
	357	7

iii - Board and Committees

Peter Higgins was the NatureScot appointed member of JNCC and its trading subsidiary JNCC Support Co during the year.

David Johnstone, a Board Member, is Partner and Owner of Annandale Estates which has a contract with NatureScot involved in looking after and maintaining Lochwood Oaks, an area of SSSI through to 2025. The amount paid under this agreement by NatureScot during 2023-24 is £725.

Ruth Mitchell, a member of the Scientific Advisory Committee (SAC), has provided ecologist advice to NatureScot during 2023-24 through services provided by the James Hutton Institute. The total amount paid by NatureScot is £2,557.

Nikki Yoxall, a Board and Protected Areas Committee (PAC) member, has a consultancy contract with Highland Rewilding which has an Offer of Grant with the Facility for Investment Ready Nature (FIRNS) programme managed by NatureScot. Total grant monies paid to Highland Rewilding during 2023-24 is £9,332.

During the year no other Board or Senior Leadership Team members have undertaken any other material transactions with NatureScot.

28. Financial instruments

i - Business Model

NatureScot resource requirements are met from Scottish Government via the annual grant-in-aid provision and from other income generated from activities. NatureScot has no power to borrow funds and all surplus funds are held in interest bearing deposit accounts. Other than financial assets and liabilities which are generated by day-to-day operational activities, NatureScot holds no financial assets for the purposes of selling. Therefore, NatureScot holds assets and liabilities to collect and pay contractual cashflows.

Because of the nature of its activities and the way in which NatureScot is financed, NatureScot is not exposed to the degree of financial risk faced by business entities.

ii - At 31 March 2024

The financial instruments shown below exclude any statutory amounts imposed by government (e.g. taxes) or where there is no entitlement to cash (e.g. prepayments and deferred income).

	Floating interest rate (linked to base rate) £000		Total
Trade and other receivables	-	22,825	22,825
Cash at bank and in hand	11,109	_	11,109
Total financial assets	11,109	22,825	33,934
Trade and other payables	-	8,053	8,053
Total financial liabilities	_	8,053	8,053

iii - At 31 March 2023 (Restated)

Financial Instruments for the prior year have been restated as a result of a more detailed exercise performed by management. Items which were not subject to significant credit risk have been removed including payroll liabilities, VAT liabilities, accruals and prepayments. Trade and other payables have been reduced by £3.049m and trade and other receivables reduced by £0.441m as indicated in the table below. There is no impact on the amounts recognised and disclosed in the primary statements.

	Floating interest rate (linked to base rate) £000		
Trade and other receivables	-	7,955	7,955
Cash at bank and in hand	13,902	_	13,902
Total financial assets	13,902	7,955	21,857
Trade and other payables	_	8,308	8,308
Total financial liabilities	_	8,308	8,308

iv - Measurement Basis

IFRS9 states that three bases of measurement for financial assets and liabilities are available; Fair value through profit & loss (FVTPL), Fair value through other comprehensive income (FVTOCI) or Amortised cost. Both Trade and Other Receivables and Trade and Other Payables will be measured at Amortised Cost given that these instruments involve collecting contractual cashflows and solely payments of principle and interest (SPPI).

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Cash and cash equivalents, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

There is no difference between the book value and fair value for the cash and cash equivalents shown in note 20.

v - Level of Measurement in the Fair Value Hierarchy

IFRS9 provides a hierarchy in the measurement of fair value;

- Level 1 For assets that are liquid and easy to value and based on quoted market prices;
- Level 2 For assets which are harder to value and can only be partially taken from market prices
- Level 3 For assets which are difficult to value.

Given NatureScot's financial instruments are mainly based on the transactional value of receivables and payables and not traded, by default NatureScot needs to apply Level 3 despite these instruments being very easy to value.

NatureScot does however manage a significant EU Grant programme; Structural Funds where NatureScot has made a material assumption on the recovery of grant claims from Scottish Government from the final claim submission. This is shown as an Expected Credit Loss and a Government Grant provision totalling £0.757m and is reflected in the receivables balance.

vi - Liquidity Risk

Scottish Ministers make provision for NatureScot's use of resources, for revenue and capital purposes, in its budget for each financial year. Resources and accruing resources may be used only for the purposes specified and up to the amounts specified in the budget. An overall cash authorisation is also agreed between Scottish Government Environment and Forestry Directorate (SGEFD) and NatureScot to operate for the financial year. NatureScot is not therefore exposed to significant liquidity risks.

vii - Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices that could affect NatureScot are currency risk and interest rate risk. NatureScot minimises currency rate risk (which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates) on EU funded projects, by identifying in the memorandum of agreement for the projects a mechanism for partners to agree how a shortfall or surplus will be handled. Any shortfall or surplus would be covered in proportion to the partner's contributions to the overall project.

As noted above, NatureScot has no power to borrow, and all surplus funds are held in interest bearing deposit accounts. NatureScot has no other investments and therefore there is limited exposure to interest rate risk.

viii - Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or contract, leading to a financial loss. NatureScot is exposed to credit risk from its operating activities (primarily for trade and other receivables) and foreign exchange transactions, but the level of risk is not deemed significant.

Credit risk related to trade and other receivables is managed through procedures relating to the review of all new customers and the monitoring and follow up of outstanding balances. Credit risk relating to foreign exchange transactions is managed as noted above under currency rate risk.

29. Expected Credit Loss

As per IFRS9, NatureScot has provided for an expected loss on the final claim for the ERDF Structural Funds programme which was submitted in January 2024.

i - Debtor and Provision Summary

	ERDF Debtor £000		
Provision			
Expected Credit Loss	1,860	63	1,797
Govt Grant Provision	20,405	694	19,711
Total	22,265	757	21,508

The basis for the provision is 3.4% of the debtor balance which is based upon NatureScot's error rate so far for the programme. There have been no claim reimbursements from Scottish Government during 2023-24 which would be able in inform if this error rate should be reviewed.

The final claim was reimbursed in June 2024 and was £0.173m short of the submission. In addition, £0.183m has been subsequently clawed back from the Scottish Government. Scottish Government audits are still ongoing and the findings of those will not be known until March 2025 leaving a high degree of uncertainty in terms of the final ineligible grant value.

ii - Default and Write-offs

ERDF grant will ultimately be deemed ineligible by the Scottish Government when performing verification checks on the final claim. A dispute process has been set-up by the Scottish Government where claim expenditure has been rejected. Clawback from third party grantees through the Delivery Contracts has also been explored. The provisions take this into account.

During 2023-24, £0.483m has been written-off and charged against the Statement of Comprehensive Net Income with £0.029m written-off in prior years totalling £0.512m. NatureScot has also recovered £0.258m from third party grantees. Write-off's have been approved by NatureScot's Senior Leadership Team as per policy.

iii - Provision Movement

	ECL £000	Govt Grants £000	
Detail			
Opening balances	89	185	274
Receivables release	(41)	-	(41)
Management costs increase	15	-	15
Third party grants increase	-	509	509
Closing balances	63	694	757

For Structural Funds, the Expected Credit Loss has increased by £0.015m and the Government Grants Provision has increased by £0.509m during 2023-24.

30. Events after reporting date

Post Balance Sheet Event - Structural Funds Claims

An event has occurred in relation to our EU Structural Funds Programme which requires disclosure.

The final Structural Funds claims were submitted in January 2024. As a result of the Managing Authority's final verification checks, the amount paid to NatureScot in June 2024 was £21.909m from a total accrued income debtor value of £22.265m. The value of ineligible ERDF Grant is £0.356m. This represents a return rate of 98% compared to the programme average of 85%.

Expected Credit Loss (ECL) and Government Grants provisions are included in Trade and Other Receivables which currently reflect 3.4% of the EU debtor - £0.757m. This will be confirmed if current EU and Scottish Government audits are completed before the signing of the accounts. Otherwise, the current provisions will not change.

The risks relating to our EU Structural Funds Programme are outlined in the Performance Report. An estimate of the financial risk of claims being rejected based on the balance outstanding at 31 March 2024 is included within "Expected Credit Losses" in note 11 for NatureScot's costs as lead partner for the programmes and in note 19 for the reduction in income and "Trade and Other Receivables" for claims from third parties.

There are no other events after the reporting date to the date the financial statements were authorised for issue that require adjustments or disclosures.

Accounts Direction



SCOTTISH NATURAL HERITAGE **DIRECTION BY THE SCOTTISH MINISTERS**

- 1. The Scottish Ministers, in pursuance of Section 10(3) of the Natural Heritage (Scotland) Act 1991, hereby give the following direction.
- 2. 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 (FReM) which is in force for the year for which the statement of accounts are prepared.
- 3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
- 4. This direction shall be reproduced as an appendix to the statement of accounts. The Direction given on 2 October 2002 is hereby revoked.

I. R. Hooper (Head of Countryside and Natural Heritage Division)

Signed by the authority of the Scottish Ministers

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