



Annual Report and Accounts

1 April 2024 – 31 March 2025

October 2025

ENVIRONMENTAL
Standards Scotland
Ìrean Àrainneachdail na h-Alba

Contents

1. Performance report	4
2. Accountability Report	34
3. Remuneration and Staff Report.....	48
4. Independent Auditor's Report.....	63
5. Financial statements	71
6. Notes to the Accounts for the year ended 31 March 2025	75
Annex A – Accounts Direction	89

Chair's foreword



If Scotland is to be successful in taking on the challenges of climate change and biodiversity loss, we must have strong and effective environmental law. Our job is to scrutinise how Scottish public bodies are complying with environmental law and how effective that law is. By doing so, we aim to help Scotland meet its ambitions for our climate, nature and human health.

This past year, our work has spanned a broad range of subjects that are of concern to people in Scotland, notably storm overflows in the wastewater system and the problem of marine litter. We have achieved good results in several areas where we have worked with public bodies to address environmental concerns that have been raised by members of the public and organisations. This year we reached resolutions on a variety of issues, including the process for designating bathing water sites and requiring environmental impact assessment documents for forestry projects to be made available for inspection.

We have also shared our views with the Scottish Government on policy areas affecting environmental law such as biodiversity, marine nature restoration and climate change targets.

In addition, we have enjoyed the opportunity to visit different parts of the country to meet directly with members of the public through our community engagement programme. We are also proud to have introduced our first People Strategy, setting out a plan for our organisation that aims to ensure we attract, develop and enable our staff at Environmental Standards Scotland (ESS).

I present this third annual update of our work with thanks to the ESS Board and our partner organisations. My thanks extend to the Scottish Parliament, particularly the members of the Net Zero, Energy and Transport Committee for their scrutiny of our work. Finally, I am grateful to the staff who have all contributed greatly to our achievements this year.

Dr Richard Dixon

Chair of Environmental Standards Scotland

Ro-ràdh a' Chathraiche

Ma tha Alba gu bhith soirbheachail ann a bhith a' dèiligeadh ri dùbhlain atharrachadh na gnàth-shìde agus call bith-iomadachd, feumaidh lagh àrainneachd làidir agus èifeachdach a bhith againn. Is e ar dleastanas a bhith a' sgrùdadh mar a tha buidhnean poblach na h-Alba a' cumail ri lagh àrainneachd agus dè cho èifeachdach agus a tha an lagh sin. Le bhith a' dèanamh seo, tha sinn airson cuideachadh gus an coilean Alba a cuid amasan airson ar gnàth-shìde, an nàdair agus slàinte dhaoine.

Anns a' bhliadhna a dh'fhalbh, dhèilig ar n-obair ri raon farsaing de chuspairean a tha nan uallach do dhaoine ann an Alba, gu sònraichte uisge cur thairis san t-siostam uisge caithte mar thoradh air stoirmean, agus duilgheadas sgudail aig muir. Chaidh leinn ann an grunn raointean far an do dh'obraich sinn còmhla ri buidhnean poblach gus dèiligeadh ri draghan àrainneachd a thog an dà chuid an sluagh agus buidhnean. Am-bliadhna ràinig sinn co-dhùnaidhean air grunn chùisean, leithid am pròiseas airson làraichean snàmh ainmeachadh, agus cuideachd riatanas sgrìobhainnean measadh buaidh àrainneachdail airson pròiseactan coilltearachd a bhith rim faotainn airson sgrùdaidh.

Mhìnich sinn air beachdan do Riaghaltas na h-Alba air raointean poileasaidh le buaidh air lagh na h-àrainneachd, leithid bith-iomadachd, ath-nuadhachadh nàdair mara agus amasan atharrachadh na gnàth-shìde.

A bharrachd air an sin, fhuair sinn an sochair tadhal air diofar phàirtean den dùthaich gus coinneachadh gu dìreach ri daoine tron phrògram conaltraidh coimhearsnachd againn. Tha sinn cuideachd moiteil gun do stèidhich sinn ar ciad Ro-innleachd Dhaoine, a' cur an cèill plana do ar buidhinn a tha ag amas air dèanamh cinnteach gu bheil sinn a' tàladh, a' leasachadh agus a' comasachadh ar luchd-obrach aig Ìrean Àrainneachdail na h-Alba (ESS).

Tha mi a' foillseachadh na treas aithris bhliadhnail seo de ar n-obair le taing do Bhòrd ESS agus do ar buidhnean com-pàirteachail. Mo thaing do Phàrlamaid na h-Alba, gu h-àraidh buill na Comataidh Cothromachadh Carboin, Cumhachd is Còmhhdail airson an cuid sgrùdadh air ar n-obair. Agus mu dheireadh, tha mi taingeil do ar luchd-obrach uile a chuir gu mòr ri na rinn sinn am-bliadhna.

An Dr. Richard Dixon

Cathraiche rè ùine Ìrean Àrainneachdail na h-Alba

1. Performance report

About Environmental Standards Scotland

Overview

1.1 The purpose of this overview is to provide a short summary about Environmental Standards Scotland (ESS), its objectives, performance across the period of this report, the principal risks it faces and a summary of future plans. It is followed by a more detailed performance analysis.

What we do

1.2 Environmental Standards Scotland (ESS) scrutinises public authorities' compliance with environmental law, and evaluates the effectiveness of environmental law and the way it is being implemented and applied.

1.3 ESS is a non-ministerial office (NMO). This means it is part of the Scottish Administration directly accountable to the Scottish Parliament, but is not part of the Scottish Government. This ensures ESS' operational independence.

1.4 ESS' monitoring and analysis function tracks developments in Scottish, UK and international environmental policy and regulation, actively examines the issues of most environmental concern and conducts analysis to scrutinise the implementation of environmental law.

1.5 ESS' investigatory function uses the powers in [The UK Withdrawal from the European Union \(Continuity\) \(Scotland\) Act 2021](#) ('the Continuity Act') to investigate issues identified in monitoring and analysis work and concerns raised by the public, known as representations.

Organisational Structure

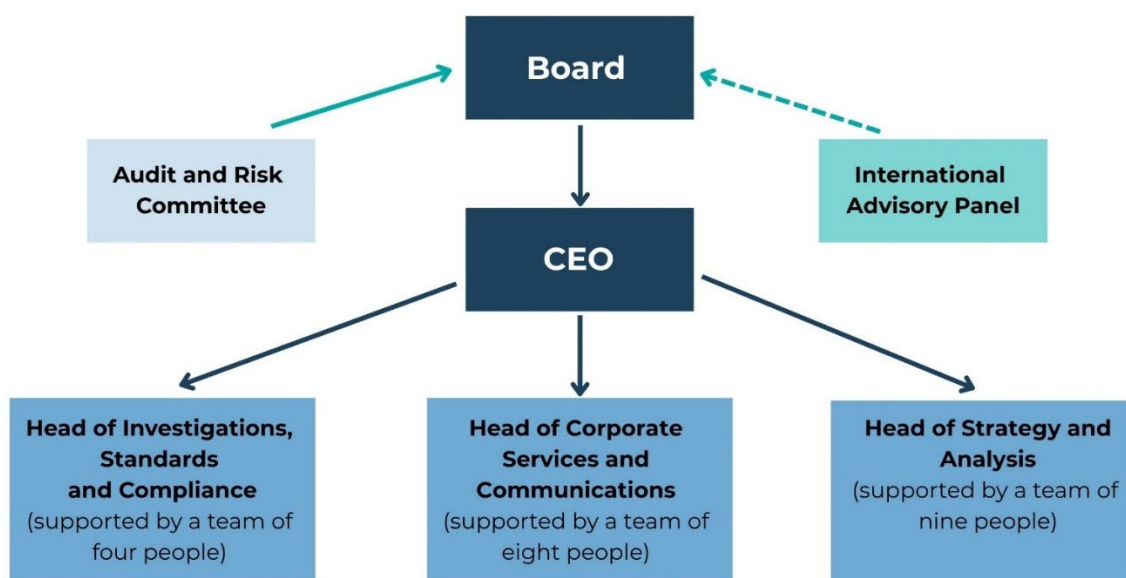
1.6 At 31 March 2025, ESS has six Board members who are collectively responsible for fulfilling the functions and duties set out in the Continuity Act. ESS' Board members are appointed by Scottish Ministers with the approval of the Scottish Parliament. An overview of membership is found on page 35.

1.7 The Board has one committee, the Audit and Risk Committee (“the Committee”), which undertakes detailed scrutiny of key areas of work and reports these to the Board. An overview of membership is found on page 36.

1.8 The Board established an International Advisory Panel in February 2024 to complement existing work on keeping pace with the European Union and wider international developments, and provide an opportunity to tap into insights and advice from experts in this area. Further information about the [International Advisory Panel’s membership and work](#) can be found on the [ESS website](#).

1.9 The Executive Team is led by the Chief Executive Officer and includes: the Head of Investigations, Standards and Compliance; Head of Corporate Services and Communications; and Head of Strategy and Analysis.

1.10 The diagram below demonstrates ESS’ team structure as at 31 March 2025.



Strategic Objectives

1.11 The Scottish Parliament approved ESS’ [Strategic Plan 2022-2025](#) in November 2022 and it was published on 1 December 2022. An overview of ESS’ vision, mission, strategic outcomes, values and principles is set out on the next page.



Our **Vision**

Scotland's people and nature benefit from a **high quality environment** and are protected from harm through the **consistent application of effective environmental laws**, which are recognised internationally as **setting high standards**



Our **Mission**

We will ensure that **Scotland's environmental laws and standards are complied with, and their effectiveness improved to achieve Scotland's ambitious targets** for the environment, nature and climate change



Our **Strategic Outcomes**

Taking action to ensure compliance and effectiveness

Monitoring and evaluating environmental performance and change in Scotland

Investigating the most important environmental concerns

Engaging & communicating effectively about our role and how to raise concerns

An effective and efficient organisation



Our **Values**

We are

Independent

Transparent

Trusted

Effective

Our staff feel

Respected

Included

Innovative

Collaborative



Our **Principles**

We will target our efforts and resources where we can add most value

We will seek to resolve issues through agreement wherever possible

We will be evidence driven

We will be open and transparent

We will seek opportunities to work in partnership with others

Performance Summary

ESS' work in 2024/25

1.12 ESS' [2024/25 Business Plan](#) set out its intention to review the existing [Strategic Plan 2022-2025](#) to:

- reflect on progress, achievements and next steps
- review ESS' approach to prioritisation and the balance of its work
- initiate a review of ESS' communications and engagement priorities

1.13 In this 12-month period, ESS:

- carried out a series of independently facilitated workshops with the ESS Board and staff team
- commissioned consultants to seek feedback from a cross-section of external stakeholders on the existing Strategic Plan
- established the process and key priority areas which will inform the development of the new draft Strategy 2026-2031
- conducted a review of ESS' current communication and engagement approach

1.14 Work on this Strategic Plan review will continue throughout the 2025/26 financial year. The final draft will be presented to Scottish Parliament for approval by December 2025.

1.15 Further work carried out in the 2024/25 reporting period is set out below against each of ESS' five strategic outcomes.

Strategic outcome 1: taking action to ensure compliance and effectiveness

1.16 ESS' [2024/25 Business Plan](#) set out its intention to:

- pursue identified failures to comply with environmental law with the relevant public authorities
- continue to resolve matters by agreement with the relevant public authorities wherever possible, within a reasonable timescale

- use ESS' statutory powers to secure changes and remedial actions to address poor compliance and address environmental risks
- where investigations identify systemic patterns of compliance failure, or areas where the law is ineffective in protecting the environment or public health, pursue this directly with the relevant parts of the Scottish Government
- seek to resolve matters and secure the necessary improvements by agreement with the Scottish Government
- use ESS' statutory powers and take formal action by issuing improvement reports to the Scottish Parliament where matters cannot be resolved informally

1.17 In this 12-month period, ESS:

- identified a number of instances of non-compliance with, and poor implementation of, environmental law and actively engaged with several public authorities to secure changes and remedial actions. No compliance failures requiring formal enforcement action were identified in this reporting period
- continued to work with the public bodies concerned to ensure that the improvements required were implemented in full and on schedule
- reached informal resolution on four cases and concluded fieldwork on two cases as set out at 1.19 below

Strategic outcome 2: investigating the most important environmental concerns

1.18 ESS' [2024/25 Business Plan](#) set out its intention to:

- carefully review and assess all representations to identify candidates for investigation and advise on alternative routes for cases not suitable for investigation
- regularly review and publish our forward work programme so that we are investigating the most important environmental concerns
- regularly update our publicly available register of investigations and carry out these investigations
- continue to actively support parties submitting representations, particularly where they are unfamiliar with ESS processes, to ensure their concerns are accurately captured
- keep those who have made representations informed about our consideration and investigation of their matter of concern
- publish reports about the issues we have investigated and the actions that have been taken
- continue to assess our systems and processes to ensure the effectiveness of our investigations

1.19 In this 12-month period, ESS:

- reached informal resolution with the Scottish Government on:
 - compliance with its duty to publish a report when [annual greenhouse gas targets are not met](#)
 - its implementation of [Scottish bathing waters legislation](#)
 - compliance with its duty to make [agricultural Environmental Impact Assessment](#) (EIA) documents available for inspection
- reached informal resolution with Scottish Forestry on:
 - compliance with its duty to make [forestry EIA documents available](#) for inspection

- concluded fieldwork on the following investigations:
 - the [classification of Special Protection Areas](#)
 - the [sustainable management of fisheries](#)

Strategic outcome 3: monitoring and evaluating environmental performance and change in Scotland

1.20 ESS' [2024/25 Business Plan](#) set out its intention to:

- deliver a programme of analytical work on priority issues identified in ESS' approved Strategic Plan
- respond to relevant consultations and will contribute to parliamentary scrutiny of proposed changes to environmental law
- monitor relevant developments in European and international law and regulation to support our assessment of whether Scotland is maintaining alignment with the European Union on environmental law
- further develop and maintain effective systems for monitoring data and evidence on environmental performance, including Scotland's comparative performance, and to undertake a regular review of ESS' analytical priorities to identify emerging issues of concern
- develop and maintain effective working relationships with a range of organisations involved in collating, analysing and publishing data and evidence on environmental performance in Scotland

1.21 In this 12-month period, ESS:

- completed work on four of its 14 [analytical priorities](#), having published reports on:
 - [sewage discharge into the aquatic environment](#)
 - [the risks to Scotland's soils](#)
 - [marine litter](#)
 - the [responses](#) to a [call for evidence](#) and ESS' next steps, on the control and impact of Invasive Non-native Species
- progressed work on a further two analytical priorities:

- climate change adaptation and water quality (with a particular focus on progress against River Basin Management Plan objectives)
- responded to 14 Scottish Government and Parliamentary [consultations or calls for views/evidence](#)
- monitored relevant developments in European and international law and regulation and utilised this knowledge to contribute to recommendations in: the sewage discharge, soils and marine litter reports; the response to a call for views by the Scottish Parliament's Constitution, Europe, External Affairs and Culture Committee's on the Scottish Government's policy to align with EU law

Strategic outcome 4: engaging and communicating effectively about our role and how to raise concerns

1.22 ESS' [2024/25 Business Plan](#) set out its intention to:

- continue to proactively promote an understanding of ESS' role
- continue to develop and deliver the ESS community and stakeholder engagement programme
- consult externally on ESS' communication systems and processes to ensure effectiveness and accessibility
- utilise the convening power of ESS to bring together stakeholders to raise the profile of the organisation within the environmental governance sector
- proactively engage with the Scottish Parliament Net Zero, Energy and Transport Committee
- build on ESS' programme of digital communication work
- act on a programme of external and internal consultation to continue improving access to information on the ESS website
- continue ESS' programme of organisation-wide accessibility and engagement training
- continue to develop and improve ESS' internal communications

1.23 In this 12-month period, ESS:

- published its [Investigation](#) and [Strategy and Analysis](#) operational guidance and created new videos and [animations](#) to share ESS' work in an [accessible format](#)
- held 18 engagement sessions as part of the [community engagement programme](#) and delivered a programme of stakeholder workshops and interviews to inform the development of ESS' Strategy 2026 - 2031
- engaged with Scottish Parliament and its Committees through Committee appearances, [consultation responses](#), [correspondence](#) and [vlogs](#)
- re-designed the ESS website to increase accessibility and user-friendliness following consultation including surveys, facilitated workshops and public feedback
- expanded the ESS communications style guide to include scientific writing guidance

Strategic outcome 5: an effective and efficient organisation

1.24 ESS' [2024/25 Business Plan](#) set out its intention to:

- support the Minister and Parliamentary process to appoint a new ESS Chair to lead the organisation through the next stage of its strategic development
- complete a programme of internal and external audit reviews, building on this experience and recommendations
- complete the ESS office's retrofit in Thistle House
- on-board the new Oracle Cloud finance system
- complete a deep-dive into ESS' third-party service support
- finalise the People Strategy action plan and deliver the Equalities Policy action plan recommendations
- develop an enhanced mandatory equalities training programme
- implement the processes and policies for monitoring and minimising ESS' impact on the environment

- build on ESS' data management, governance and legal processes and governance arrangements
- develop a central database of the principal pieces of primary, secondary and EU legislation that fall within ESS' remit

1.25 In this 12-month period, ESS:

- welcomed [Dr Richard Dixon's](#) appointment by Scottish Ministers as the new Chair
- undertook two internal audit assurance reviews on measuring performance and ESS' approach to risk
- completed a review of ESS' approach to cyber risk
- completed the re-design of the office, which is now shared with Consumer Scotland. A [Memorandum of Understanding](#) is in place to support joint working initiatives
- onboarded the new Oracle finance system and delivered the [deep-dive into third service support](#) recommendations
- published its [People Strategy](#) and reported on progress in the [equalities mainstreaming report](#), which included organisation-wide training and the establishment of three Champion's groups (equalities, sustainability and cyber related)
- delivered Phase 1 of ESS' Sustainability Plan and developed Phase 2
- updated the Scottish Government [Framework Agreement](#) and developed a Specific Scheme of Delegation and legislation database

Principal risks

1.26 ESS' corporate risks are identified, monitored and assessed by the Executive Team on a monthly basis, and quarterly by the Audit and Risk Committee and the Board, in line with ESS' Risk Management Policy.

1.27 ESS' principal areas of risk are:

- compliance/regulatory
- reputation
- financial sustainability and performance
- business continuity
- people and culture
- operational
- environment and social responsibility

1.28 Further information can be found at pages 28 to 31.

1.29 A review of ESS' approach to risk has been carried out in 2024/25. Updated information will be provided in the 2025/26 Annual Report and Accounts.

Performance Analysis

1.30 The purpose of this section is to give a detailed account of ESS' performance against performance management indicators (PMIs) as set out in the Strategic Plan.

Performance Management Indicators

1.31 ESS has a set of Performance Management Indicators (PMIs) which measure how the resources deployed, and the actions taken, bring about changes to Scotland's policy and regulatory environment which, ultimately, leads to improvements to environmental quality and public health.

1.32 The table below sets out the quantitative data collated against ESS' PMIs for the 2023/24 and 2024/25 financial years, alongside a high-level summary on trends. Details on the [definition of each PMI](#) can be found on ESS' website.

1.33 A review of ESS' PMIs has been carried out in 2024/25.

Performance Indicators	2024/25	2023/24	Summary
Number and proportion of issues resolved informally	4 out of 8 (50%)	8 out of 9 (89%)	Where casework has been undertaken, ESS has reached informal resolution in four of the eight cases closed. Four cases remain open. Further information on progress can be found on the investigations webpage.
Number of investigations resulting in: - compliance notice(s) - improvement report(s) - judicial review(s)	0 0 0	0 1 0	The majority of issues concerning compliance or effectiveness have, as per the intention of the Continuity Act, been resolved through informal resolution as set out above. ESS will take enforcement action when required. Further information can be found on the investigations webpage.
Number of investigations completed	0	0	Fieldwork has been concluded on two investigations, which ESS will report on in 2025/26. As intended by the Continuity Act, ESS has achieved informal resolution in each of the cases where environmental failings have been identified. This has taken place at the pre-investigation stage of casework, therefore no investigations have required to be initiated within 2024/25.
Number of representations considered	23	21	The number of representations received has increased by 10% against the same reporting period last year. Representations may continue to increase as ESS increases its profile (e.g. through measures such as its Community Engagement Programme). Further information on representations can be found on the representations received webpage.

Performance Indicators	2024/25	2023/24	Summary
Number of analysis projects completed	4	3	Reports on sewage discharge, soils and marine litter have been published. A call for evidence on Invasive Non-native Species was conducted and a report summarising responses and next steps has been published. Work on a further two analytical priorities was progressed in 2024/25 and will continue in 2025/26. Further information can be found on the monitoring and analytical work webpage.
ESS responses to Parliament and Government consultations	14	9	During 2024/25 ESS submitted responses to four calls for views or requests by Scottish Parliament committees. 10 responses were submitted to consultations by the Scottish Government and other public authorities. Further information can be found on the consultations webpage.
Percentage of Compliance Notices implemented in full, on schedule	Not applicable	Not applicable	The cases where ESS has found non-compliance have been addressed through informal resolution, as is intended by the Continuity Act. Accordingly, ESS has not issued any compliance notices.
Percentage of recommendations implemented from Improvement Reports	4 out of 5 80%	Not applicable	Work to implement the four recommendations within the Climate Change Improvement Report was progressed satisfactorily by the Scottish Government in this reporting year. Given the complex nature of the recommendations, this work will continue into 2025/26 and beyond. ESS will continue to work closely with the Scottish Government to ensure full implementation.

Performance Indicators	2024/25	2023/24	Summary
Percentage of recommendations/actions implemented in full, on schedule from informal resolution	12 out of 12 100%	15 out of 16 94%	All of the recommendations/actions which were due to be implemented in the reporting period were implemented in full and on schedule by the public authorities concerned. One remaining recommendation is due for implementation in 2025/26. Further information can be found on the investigations webpage.
ESS' assessment of Scotland's progress against environmental indicators	Not applicable	Not applicable	Progress against this indicator is due to be assessed and reported for the first time in the financial year 2025/26.

Management Indicators	2024/25	2023/24	Summary
Number attending public/stakeholder engagement sessions (organised specifically by ESS)	0	28	ESS has not hosted any public/stakeholder engagement events in 2024/25. ESS staff frequently participate in conferences, events and workshops, in particular through the Community Engagement Programme. Numbers related to these events are not recorded here. Further information can be found on the community engagement webpage.
Percentage of feedback positive from public/stakeholder engagement sessions	Not applicable	100%	While feedback from ESS community engagement events has been positive, as these are not ESS-run events, feedback as defined by this PMI has not been included in this section.

Management Indicators	2024/25	2023/24	Summary
Number of citations in parliamentary reports or meetings	23	16	The number of citations of ESS in the Scottish Parliament Official Report has increased by 44%. Citations are related to the: Net Zero, Energy and Transport Committee; Equalities, Human Rights and Civil Justice Committee; and Constitution, Europe and External Affairs Committee.
Number of social media followers	X (Twitter): 617 LinkedIn: 855	X (Twitter): 619 LinkedIn: 589	The X follower count has reduced by less than 1%. This trend reflects changes with this platform which took place in this reporting period. For example, the use of links, which is not favoured in the X updated algorithm. The LinkedIn follower count has increased by 45% and the engagement rate sits at 8.5%, an above average rate for this platform.
Number of new and return visits to the ESS website	New users: 2,941 Returning users: 1,068 Page views: 35,104	New users: 3,000 Returning users: 61 Page views: 38,453	Collectively, new and return users have increased by 31%, demonstrating sustained interest from stakeholders. Page visits has decreased by 9%. This is due in part to changes to the ESS website, which reduced down multiple click-through requirements to improve the user experience.

Management Indicators	2024/25	2023/24	Summary
Stakeholder perception of ESS role	Not applicable	Not applicable	ESS commissioned research to better understand the perception of the organisation among Members of the Scottish Parliament (MSPs) and wider stakeholders. By participating in the 2024 MSP advocacy survey, it was established that 83% of MSPs were aware of ESS, with strong support for the organisation amongst members of the Net Zero, Energy and Transport Committee. By also commissioning perception research from an independent research consortium, it was established that stakeholders are positive and supportive of ESS, and considered the organisation to be valid and important.
Service standards met	7 out of 8	5 out of 8	Investigations, Standards and Compliance • initial acknowledgement within three working days: 97% • decision on pre-investigation within 20 working days: 100% • responding to representation correspondence within five working days: 97%* • responding to all other correspondence within 20 working days: 100%* * Figures measured through dip sampling of ESS' case tracker

Management Indicators	2024/25	2023/24	Summary
			Corporate Services and Communications • responding to general enquiries within 20 working days: 100% • responding to complaints within SPSO timelines: not applicable (no complaints were received in this reporting period) • responding to Freedom of Information and Environmental Information Regulations requests within 20 working days: 100% (six requests for information were received, alongside one review request in this reporting period) • paying bills to business within ten working days: 90% (10 overdue invoices related to the transition to the new Oracle finance system and supplier set-up delays)
Percentage of corporate reporting requirements delivered to schedule	100%	100%	ESS continues to meet its corporate reporting deadlines and monitor for new statutory requirements. In 2024/25 this included: ESS' annual whistleblowing report; carbon emission reporting; and ESS' first report on compliance with the biodiversity duty. Further information can be found on the corporate reports webpage.

Management Indicators	2024/25	2023/24	Summary
Number of complaints received	0	4	ESS received no complaints in 2024/25.
Board and staff diversity information	See further information on pages 60 to 62.		
Staff engagement	67%	67%	ESS ran its third annual staff engagement survey in January 2025. The staff engagement index result remains at 67%. This compares to The Civil Service People Survey engagement index score of 64% for 2024 (64% with this survey being ran in October 2023).
Organisational carbon emissions (tonnes of CO ₂ equivalent)	15.61 (projected)	12.58 (actual)	ESS' projections for 2023/24 were 11.9 tonnes of CO ₂ . Actuals are now confirmed as 12.58 tonnes of CO ₂ . ESS has forecast emissions for 2024/25 of 15.61 tonnes of CO ₂ . These will be verified during the financial year 2025/26. Increases in emissions directly relate to an increase in staff, consequent increases in homeworking emissions, alongside the voluntary inclusion of 'well-to-tank' (the full lifecycle emissions from fossil fuels used) emissions. Further information is available on the sustainability plan webpage.

1.34 The National Performance Framework has statutory effect through section 1 of the Community Empowerment (Scotland) Act 2015. As set out in Section 1(2)(b), a Scottish Public Authority must (Section 1(9)) have regard to the national outcomes in carrying out (Section 1 (3)(b)) any function that does not relate to reserved matters. ESS contributes across the 11 National Outcomes and 81 National Indicators through meeting the PMIs set out above.

Financial Performance

1.35 ESS received a budget allocation of £3,020,000 in the financial year 2024/25. ESS returned £100,000 mid-year in response to a call for public service reform savings, reducing this budget total to £2,920,000¹. ESS had operating costs of £2,557,857 in 2024/25, resulting in an underspend of £462,143 (16% of the revised budget). This underspend relates to unutilised allocations set against: judicial review(s); contingency; and expert advice. Underspends cannot be carried forward into the next financial year.

1.36 Staff and related costs are ESS' biggest category of expenditure at £1,886,944 (74% of total operating costs). Staff costs have increased by 24% from the previous financial year due to an increase in staff salary costs related to non-discretionary progression up through pay scales and pay awards. The dominance of staffing costs in the budget, coupled with the small staff complement, makes the ESS budget sensitive to changes in staffing levels and pay awards.

1.37 The ESS policy is to pay all invoices that are not in dispute within 10 days. ESS aims to pay 100% of invoices, including disputed invoices once the dispute has been settled, on time in accordance with these terms. All efforts have been made to pay invoices within the 2024/25 financial year. Further information can be found in the performance management indicators section on page 20.

¹ ESS returned an additional £100,000 in January 2025, which was registered within Scottish Government reporting requirements. However, as it was not publicly set out in the Spring Budget Review, this specific return has not been included in these accounts.

Non-financial information

1.38 A general summary of non-financial information is set out below. Details of performance against these areas of work is set out in the section on PMIs on pages 14 to 21.

Complaints

1.39 ESS has a complaints handling policy and a procedure to ensure that complaints can be dealt with as quickly as possible, using best efforts to resolve issues.

Information security

1.40 ESS has procedures and staff training opportunities to ensure information security is carefully considered.

1.41 There were no known data breaches in the period across the 12-month reporting period. There was also no known data breaches in the financial year 2023/24.

Freedom of Information and Environmental Information Regulations

1.42 ESS aims to be fully compliant with the Freedom of Information Act and Environmental Information Regulations.

Community and social

1.43 Being accessible to the public is a priority for ESS. The [Community Engagement programme](#) has continued to be a key part of ESS' approach to gathering information on environmental issues that are important to Scotland's communities.

1.44 The Investigations, Standards and Compliance Team, with the support of the Community and Engagement Lead, carry out this programme through a variety of in-person and online sessions with environmental-focused community groups and networks.

Fraud, corruption and bribery

1.45 ESS is committed to preventing fraud, corruption and bribery in relation to its funds and activities. There is a counter-fraud policy in place and staff are bound by the Civil Service Code which governs the behaviour of staff and deals with the receipt of gifts and hospitality. Relevant gifts and hospitality received by staff are recorded.

1.46 The [Board Code of Conduct](#) sets out the behaviours expected of ESS Board members. It is based on the Scottish Government's Model Code of Conduct for Members of Devolved Public Bodies. Declarations of interest are made at each Board and Audit and Risk Committee meeting.

1.47 [The register of interests](#) for the Board and the Audit and Risk Committee is updated by the Board and Committee members as required and formally reviewed at least annually.

1.48 There were no known or suspected incidences of fraud or bribery across the 12-month reporting period.

1.49 ESS has a shared service agreement in place with the Scottish Government Procurement and Property Directorate and adheres to the Public Sector Procurement guidance. This agreement covers compliance with regulations and value for money savings.

Environment and sustainability including Taskforce on Climate-related Financial Disclosures

1.50 ESS has reported on climate-related financial disclosures consistent with [HM Treasury's Taskforce on Climate-related Financial Disclosures](#) (TCFD)-aligned disclosure application guidance, which interprets and adapts the framework for the UK public sector.

1.51 Devolved governments have also developed their own guidance aligning with TCFD disclosures. ESS' disclosure is consistent with Scottish Government application guidance.

1.52 ESS has complied with the TCFD recommendations and recommended disclosures related to:

- governance (all recommended disclosures)

- risk management (all recommended disclosures)
- metrics and targets (disclosures (b) and (c))

1.53 For metrics and targets, ESS has no further information to provide on disclosure (a) as it does not use any metrics, other than those detailed in (b) and (c), to assess climate-related risks.

1.54 This is in line with HM Treasury's TCFD-aligned disclosure implementation timetable. ESS plans to make strategy disclosures in future reporting periods in line with the HM Treasury implementation timetable.

TCFD – Governance (a)

1.55 The ESS Board has ultimate responsibility for setting ESS' Strategy, which guides how ESS will deliver its statutory functions. The nature of ESS' remit means that the state of the environment is at the centre of ESS' strategic decision-making. Additionally, given ESS' remit, the Board has extensive expertise in environmental policy, regulation, law and science.

1.56 ESS has appointed Professor Christopher Spray as the Board's Sustainability Champion (in addition to a cross-team staff champion group). This role ensures that the environment is championed at the highest level of decision-making, and ensures sustainability is an item on each Board meeting agenda by way of a 'Champion update'.

1.57 The Board Sustainability Champion also played a pivotal role in supporting staff in drafting ESS' Sustainability Plan, which the Board has ultimate responsibility for. This details how ESS will work towards net zero and understand and improve its environmental impact. The Plan is broken down into phases, the first of which covered 2022-25. Since the end of the 2024/25 financial year, ESS has published Phase 2 of this Plan, covering 2025-30.

1.58 As well as setting the direction for sustainability at ESS, the Board monitors ESS' environmental performance. These metrics are set out at paragraph 1.68. The Board Sustainability Champion also supports the review of ESS' [Biodiversity Report](#), which is required every three years to demonstrate compliance with the duties set out in Part 1 of the [Nature Conservation \(Scotland\) Act 2004](#).

1.59 Finally, environmental and social responsibility has been identified as a principal risk for ESS, which is reviewed by the Board quarterly. More details can be found on page 31.

TCFD — Governance (b)

1.60 The Executive Team supports and monitors delivery of the Sustainability Plan. It receives regular sustainability updates from the Corporate Services and Communications team (supported by the Sustainability Champions) for consideration at Executive Team meetings. This includes details about performance against ESS' emissions PMI.

1.61 The Executive Team develops and ensures delivery of ESS' annual Business Plan. The Business Plan details activities that increase the sustainability of ESS' operations as well as setting out work to improve Scottish public bodies' compliance with environmental law. The Executive Team considers progress against Business Plan actions on a quarterly basis.

1.62 The Executive Team is also responsible for managing the environmental and social responsibility risk at ESS.

1.63 The Head of Corporate Services and Communications is a Sustainability Champion, strengthening the link between the day-to-day implementation of sustainable practices and senior management.

1.64 Both the Chief Executive and Head of Corporate Services and Communications have completed Carbon Literacy training. Certification in this area has further supported their role in assessing and managing climate-related risks and opportunities.

1.65 An overview of ESS' structure, including Board and Committee levels, is included at page 5.

TCFD — Risk management (a)(b)(c)

1.66 ESS' risk management process is set out at pages 44 to 47. This details how risks, including those related to the climate, are identified, assessed, escalated and managed.

1.67 Environment and social responsibility has been identified as a principal risk for ESS and is managed at the strategic level. The Corporate Services and Communications team's functional risk register deals with the operational risk associated with embedding sustainability in day-to-day practices. These risk registers detail the mitigations already in place, controls planned to reduce risk scoring, action target dates, and action owners. Examples of specific controls can be found on page 31.

1.68 ESS has a low risk appetite for this area of risk and it is currently not within appetite. Further action is planned to manage this risk area.

TCFD – Metrics and targets (b)(c)

1.69 ESS voluntarily reports its greenhouse gas (GHG) emissions every November via the [Sustainable Scotland Network](#). This report breaks down ESS' emissions into Scopes 1, 2 and 3. To date, ESS has only reported Scope 3 emissions related to business travel and subsistence, and commuting. This is to avoid double counting of Scope 1 and 2 emissions with the Scottish Legal Aid Board who report these emissions for the whole building. However, ESS is developing a process to internally capture these emissions going forward. A summary figure of ESS' Scope 3 emissions (both actual for the previous year and projected for the current financial year) are reported within the Annual Report and Accounts each year. This figure can be found at page 21.

1.70 Phase 2 of ESS' Sustainability Plan sets out operational targets for the 2025-2030 period. These are:

- carbon emissions reduced by 75% compared to 2020/21 baseline figure
- 95% of all business travel by ESS staff will be by public transport by 2030
- tCO₂ emissions for flights across ESS, including by Board members, will be below 1tCO₂e per annum (excluding well-to-tank additions every year from 2025)
- homeworking emissions will be reduced on average by 10% per person by 2030

Risk profile

1.71 The Executive Team, Audit and Risk Committee and the Board monitor risks according to ESS' risk management framework, and implement controls and measures that are effective and proportionate according to the level of risk ESS is willing to take.

Risk Description	Risk assessment	Risk management
Compliance/regulatory - our compliance in relation to all relevant laws, regulations and governance requirements	Medium-level risk outwith risk appetite	At the corporate level, this risk focuses on compliance with health and safety legislation, ensuring ESS' office environment is safe for staff and visitors. Due to the potential high impact of this risk, further mitigations are planned to bring this risk within risk appetite. Controls include: regular review of health and safety policy; assurance reports produced; staff training in place, including in-office safety drills; regular engagement with facilities staff.
Reputation - the decisions, actions, response or position we take in relation to the broad scope of our work	Medium-level risk within risk appetite	This risk covers criticism of ESS' operations, such as enforcement and analytical work and ability to demonstrate value for money. With the existing controls in place, this risk is being effectively managed. Controls include: comprehensive operational procedures including quality assurance; regular engagement with stakeholders; Communication and Engagement Strategy in place;

		transparency around action taken by ESS; public reporting of performance management information.
Financial sustainability and performance - the decisions we take in how we will deploy, utilise and monitor our resources to maximise their public value and ensure long-term financial sustainability	Medium-level risk outwith risk appetite	This risk considers whether ESS has the resources it needs to deliver its functions. ESS has a very low risk appetite for this and has planned further action in this area, in particular regarding anticipated additional powers through the Natural Environment (Scotland) Bill and other climate-related duties. Controls include: forward financial planning over the medium- and long-term in place; active engagement with Scottish Government colleagues in finance, sponsorship and relevant bill teams; statement to Scottish Parliament regarding sufficiency of forthcoming year's budget allocation; regular consideration of Public Service Reform opportunities.
Business continuity - the decisions we take on how to remain operational and structure the organisation, including our internal business process and delivery model, and the use of supporting systems	Medium-level risk outwith risk appetite	This risk focuses on ESS' ability to operate in the event of a cyber-attack or large-scale loss of data. This is a priority area for action at ESS, ranging from reducing risk of human error to ensuring systems are fit for purpose. Controls include: business continuity plan in place and tested by staff; regular engagement with Scottish Government IT colleagues; internal audit review undertaken and recommendations

		implemented; regular staff communications and training; cyber-specific risk register regularly monitored by ESS' Board and staff Cyber Champions.
People and culture - we provide a safe and inclusive workplace with a focus on service provision to customers and stakeholders	Low-level risk within risk appetite	This risk covers ESS' ability to recruit, develop and retain staff and Board members. Due to the controls in place ESS has achieved high levels of interest in its advertised roles and a low turnover rate. Controls include: People Strategy developed by cross-team group and shared publicly; equality outcomes actioned and updates published; staff supported with variety of policies such as flexible/hybrid working, homeworking equipment offer, fairness at work, etc.; succession planning in place for ESS Board.
Operational - the actions we take in relation to the performance of others through our external facing activities such, investigations, enforcement and compliance procedures	Medium-level risk within risk appetite	This risk area covers ESS' operational delivery, and has over the past year also focused on onboarding of the new Oracle finance system. Through effective planning of both financial resources and team capacity, this risk is well-managed. Controls include: regular management discussions around resourcing; consideration of and preparation for knock-on effects of public sector financial pressures on ESS' work; regular engagement with the Scottish Government's Oracle team and training of

		staff; implementation of process for logging arising Oracle issues.
Environment and social responsibility - ESS' own performance and behaviours in relation to Scotland's environment	Medium-level risk outwith risk appetite	This risk area focuses on ESS acting as an environmentally and socially responsible public body. Given ESS' remit, risk appetite is low for not leading by example on the environment, so further action is planned in this area. Controls include: both Sustainability and Equality Champion programmes in place; Sustainability Plan developed by Champions and actions being progressed; People Strategy developed by cross-team group and actions being progressed; ongoing training and communications to all staff; independent verification of ESS' carbon measurement processes achieved; progress towards organisational accreditations such as Disability Confident Employer and Carbon Literate Organisation.

Future plans

1.72 Future plans are set out and published in the ESS [2025/26 Business Plan](#).

These continue to build on the key pieces of work identified and set out in existing performance plans, which support the delivery of Strategic Outcomes.

1.73 Programmes of work and initiatives include:

- completing the review of the ESS Strategic Plan, carrying out public consultation on the Plan and presenting it to the Scottish Parliament for consideration and approval by December 2025. If approved, the revised Strategy will direct ESS' work for the period 2026-2031
- in parallel to this review, publishing a new Communication and Engagement Plan, Business Plan and approach to measuring success to explain ESS' work and demonstrate our impact
- continuing to identify systemic patterns of compliance failure, or areas where the law is ineffective in protecting the environment or public health, with a focus on: special protected areas; the sustainable management of fisheries; public authorities implementation of public registers; the contaminated land regime; and an assessment of the Scottish Government's work on Ramsar site protection
- continuing to deliver a programme of analytical work on priority issues identified in ESS' approved Strategic Plan, including: threats to the seafloor integrity in the marine environment; water quality and progress against the river basin management plan objectives; and invasive non-native species
- monitoring progress made against ESS report recommendations, including: proposals for improvements to the effectiveness of legislation relating to water, wastewater and drainage, soils, air quality and marine litter
- contributing to Parliamentary scrutiny of the Natural Environment (Scotland) Bill (including proposals to designate ESS as the body responsible for scrutinising progress against statutory targets) and Scottish Government's Climate Change Plan

- further developing and maintaining effective systems for monitoring data and evidence on environmental performance, including commissioning an assessment of the extent to which there is alignment between environmental standards, laws and regulations in Scotland and the European Union or other international best practice
- continuing to focus on the culture of the organisation, equalities, and the learning and development programme by delivering the People Strategy action plan and equalities related initiatives
- supporting the Minister and Parliamentary process to appoint an additional member to the ESS Board
- assessing opportunities for longer-term financial flexibility and sustainability meeting public service reform principles
- continuing to engage with the Office of Environmental Protection, Interim Environmental Protection Assessor for Wales, the Climate Change Committee and other relevant stakeholders to progress related pieces of work and opportunities for collaboration

Mark Roberts

Chief Executive of Environmental Standards Scotland and Accountable Officer

2. Accountability Report

Corporate Governance report

2.1 This section provides information across the period of this report including: the composition of the Board and senior management; ESS' governance framework; the Accountable Officer's responsibilities; their sources of assurance and assessment of ESS' corporate governance; risk management arrangements; and parliamentary accountability.

The Board's Report

The Board

2.2 The Continuity Act provides that there shall be a Chair and at least four, and no more than six, members appointed to the ESS Board. All appointments to the Board are made by the Scottish Ministers and approved by the Scottish Parliament. At 31 March 2025, ESS consisted of six Board members who are collectively responsible for fulfilling the functions and duties set out in the Continuity Act.

2.3 During the reporting period, there were no changes to the Board's membership. Since 31 March 2025, Dr Richard Dixon has been appointed as permanent Chair, having served as Acting Chair since 1 April 2024, and three members have been reappointed to the Board following completion of their initial four-year term. The updated appointment terms are reflected in the overview set out below:

Name	Role	Appointment	End of term
Dr Richard Dixon	Chair	1 April 2025	31 March 2029
Marie Fallon	Member	1 April 2025	31 March 2029
Dr Paul McAleavey	Member	1 April 2025	31 March 2029
Professor Annalisa Savaresi	Member	1 April 2025	31 March 2028
Morag Sheppard	Member	7 June 2023	6 June 2027
Professor Christopher Spray	Member	7 June 2023	6 June 2027

2.4 The Board formally convened six times during the reporting period. Each meeting is attended by Board members, all members of the Executive Team and any other staff or substitutes at the Chief Executive's discretion. Minutes, including a record of attendance, of each Board meeting are available on ESS' [website](#).

2.5 A [register of interests for Board members](#) is available on ESS' website and on request. All members are required to review and update the register at least annually, or when there are any changes within relevant scope(s) of interest.

2.6 Where conflicts of interests are identified, they are declared at each Board meeting, noted in the public minute and, if significant, Board members are required to recuse themselves from relevant agenda items and related correspondence.

2.7 Four conflicts of interest were declared in the reporting period relating to: air quality matters for both Dr Richard Dixon and Professor Annalisa Savaresi; biodiversity matters for Professor Chris Spray; and Morag Sheppard's interim appointment to the Board of the Water Industry Commission for Scotland. While none of these conflicts of interest required members to be recused from discussions within the reporting period, they have been publicly minuted in the interest of transparency.

2.8 Otherwise, no member of the Board held a directorship or significant interest which conflicted with their governance responsibilities.

Audit and Risk Committee

2.9 The Audit and Risk Committee supports and advises the Board in relation to its responsibilities for risk, control, governance and assurance through a process of

constructive challenge. The Committee focuses on ESS' risk assessment and management, the internal and external audit processes and the production of the Annual Report and Accounts, including the governance statement.

2.10 The Committee met five times during the reporting period. During this time there were no changes to the Committee's membership. However, since 31 March 2025 Dr Richard Dixon has stepped down from the Committee in line with his appointment as ESS Chair, and Professor Christopher Spray has joined the Committee. The overview of membership can be found on the next page and reflects these changes.

Name	Role	Date of appointment	End of term
Marie Fallon	Chair	1 April 2025	31 March 2029
Dr Richard Dixon	Member	1 April 2021	31 March 2025
Neil Oakley	Co-opted member	1 September 2022	31 August 2026
Morag Sheppard	Member	18 August 2023	6 June 2027
Professor Christopher Spray	Member	25 April 2025	6 June 2027

2.11 The Committee is also attended by: representatives of the Scottish Government Directorate for Internal Audit and Assurance; the appointed external auditors at Deloitte LLP; ESS' Chief Executive and Accountable Officer; Head of Corporate Services and Communications; Governance Lead; In-house Solicitor; Accountant; and other members of the ESS team as and when required. Other Board members may attend if they wish.

Chief Executive and Executive Team

2.12 Members of the Executive Team between 1 April 2024 and 31 March 2025 were:

Name	Role
Mark Roberts	Chief Executive and Accountable Officer
Neil Langhorn	Head of Strategy and Analysis
Jamie McGrandles	Head of Investigations, Standards and Compliance
Rebecca Peppiette	Head of Corporate Services and Communications

2.13 No member of the Executive Team held a directorship or significant interest which conflicted with their management responsibilities.

Internal Audit

2.14 Internal Audit is provided by Scottish Government Directorate for Internal Audit and Assurance (SGDIAA).

2.15 During the reporting period, the provision of the internal audit service was subject to a Memorandum of Understanding signed by ESS and SGDIAA.

2.16 Members of the Internal Audit team attend every Audit and Risk Committee meeting.

2.17 During the reporting period, the Internal Audit team provided a 'reasonable' annual assurance opinion.

2.18 The Internal Audit team also carried out an advisory review of ESS' performance reporting mechanisms, which has informed a new approach to measuring performance developed alongside the review of ESS' Strategic Plan. In addition, a review of ESS' risk management procedures was carried out and a 'reasonable' assurance opinion provided.

External Audit

2.19 Deloitte LLP provides external audit services to ESS and is appointed by the Auditor General under the Public Finance and Accountability (Scotland) Act 2000 to carry out the external audit of ESS.

2.20 Members of the Deloitte team regularly attend Committee meetings and the Committee scrutinised Deloitte's audit plan and ISA 260 findings each year.

Personal data-related incidents

2.21 There were no personal data-related incidents reported to the Information Commissioner's Office during the 12-month reporting period.

Parliamentary Accountability and Audit Report

2.22 ESS is an NMO and part of the Scottish Administration, with direct accountability to the Scottish Parliament. While ESS' accounts are not consolidated with those of the Scottish Government, the organisation liaises with Scottish Government Finance colleagues on a regular basis to provide them with information relating to expenditure and anticipated outturn. The ESS [Framework Document](#) sets out its relationship with Scottish Ministers.

Disclosures (audited)

Losses and special payments

2.23 In accordance with the Scottish Public Finance Manual (SPFM), ESS is required to disclose losses and special payments above £300,000. During this reporting period there were no losses or special payments within these criteria (2023/24: £nil).

Gifts and charitable donations

2.24 In accordance with the SPFM, ESS is required to disclose any gifts or charitable donations. During this reporting period there were no gifts or charitable donations made by ESS (2023/24: £nil).

Remote and contingent liabilities

2.25 ESS is required to report any liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent

liability under IAS 37. There are currently no remote contingent liabilities (2023/24: £nil).

Implementation of the Oracle Cloud finance system

2.26 As part of the Scottish Government's Oracle Cloud platform transformation programme, ESS transitioned its finance and procurement functions to a new integrated system in October 2024. This represented a significant systems change during the reporting period, and as such, is disclosed here to provide transparency over its impact on financial reporting and governance.

2.27 The new platform replaced the legacy SEAS system, which no longer met the operational needs of the Scottish Government and the public bodies, including ESS, that relied on it. The Oracle Cloud platform delivers a unified data source, improved processes, stronger internal controls, and greater transparency of financial and operational data.

2.28 The system has been built around a suite of best practice processes, originally based on the UK Government's Global Design Principles, and now aligned with the NOVA Functional Reference Model. Its introduction is a key enabler of long-term modernisation and efficiency across government operations.

2.29 While the implementation supports strategic improvement, the in-year nature of the transition required enhanced reconciliation and data validation activity to ensure the integrity of financial reporting across the financial year.

2.30 Additional assurance was obtained through the accounts preparation process and external audit engagement, recognising the inherent risks associated with major system change.

2.31 To support continued stability and development, the Scottish Government has established a dedicated central management team responsible for the ongoing maintenance, improvement, and governance of the platform. ESS continues to work with this team, with enhancements delivered through a structured programme of quarterly updates.

Statement of Accountable Officer's responsibilities

2.32 Under paragraph 19(4) of the Public Finance and Accountability (Scotland) Act 2000, the Scottish Ministers have directed ESS to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction (Annex A). The accounts are prepared on an accruals basis, and must give a true and fair view of the state of affairs of ESS and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

2.33 In preparing the accounts, the Accountable Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the accounts direction issued by the Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on a 'going concern' basis
- confirm that the Annual Report and Accounts as a whole are fair, balanced and understandable, and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that they are fair, balanced and understandable

2.34 The Permanent Secretary of the Scottish Government, as Principal Accountable Officer for the Scottish Administration, designated ESS' Chief Executive, Mark Roberts, as the Accountable Officer for ESS at the point this Annual Report and Accounts were prepared.

2.35 The Scottish Government's Memorandum to Accountable Officers of Other Public Bodies and the Scottish Public Finance Manual set out the responsibilities of an Accountable Officer. These include responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping proper records and for safeguarding ESS' assets.

2.36 As Accountable Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that ESS' auditors are aware of that information.

2.37 The systems utilised have been in place for the year under review and continue to be used up to the date of approval of the Annual Report and Accounts.

2.38 So far as I am aware, there is no relevant audit information of which ESS' auditors are unaware. I confirm that the Annual Report and Accounts are fair, balanced and understandable, and that I take personal responsibility for the Annual Report and Accounts and the judgements required for determining that they are fair, balanced and understandable.

2.39 The UK Withdrawal from the European Union (Continuity)(Scotland) Act 2021 Schedule 1 (13) sets out in relation to resources that:

- the Scottish Ministers must seek to ensure that the amount of resources allocated for use by Environmental Standards Scotland is reasonably sufficient to enable it to perform its functions
- each report prepared under paragraph 12 must include an assessment by ESS of whether the amount of resources allocated for use by it in the financial year to which the report relates was sufficient to enable it to perform its functions

2.40 I can confirm that in the 12-month reporting period from 1 April 2024 to 31 March 2025, the amount of resources allocated to ESS was sufficient to perform its functions.

Governance Statement

2.41 This statement sets out how ESS manages and controls its resources and risk. It covers the period from 1 April 2024 to the date of signing. It follows the guidance set out in the [Scottish Public Finance Manual](#).

Governance Framework

2.42 The foundation of ESS' governance framework is the [Framework Document](#), which sets out the relationship between ESS, the Scottish Ministers and the Scottish

Parliament, with regards to governance, finance and the operation and functions of ESS.

2.43 It specifically addresses:

- ESS' functions and actions, independence and scrutiny, information handling, access to information, and public communications
- the roles and responsibilities of Scottish Ministers, the Board (Chair and members), the Chief Executive / Accountable Officer, the Staff, and the Director of Environment and Forestry within Scottish Government
- accountability to the Scottish Parliament, parliamentary questions and correspondence
- budget allocation, and audit and risk management
- strategy and planning, corporate planning and business plans, annual report and accounts and Freedom of Information Requests
- general policy development
- key financial and operating procedures

2.44 As a small organisation ESS has a clear governance structure. The Board is supported and advised by the Audit and Risk Committee, and both are supported by the Executive Team.

2.45 The Board and Committee minutes are published on the [ESS website](#). The majority of meetings are held in person in ESS' offices, with some scheduled to be online to provide flexibility.

2.46 The Delegated Limits of Financial Authority, Specific Scheme of Delegation, Procurement Handbook, and the ESS [Investigation](#) and [Strategy and Analysis](#) operational guidance, set out the processes and approvals delegated to the Audit and Risk Committee, Chief Executive and Executive Team, by the Board, while still being responsible for them.

2.47 The Board has corporate responsibility for ensuring that ESS fulfils its aims and objectives, and for promoting the efficient and effective use of staff and other resources in the Annual Report and Accounts for the period of this report, in accordance with the principles of Best Value.

Operation of the Board

2.48 The operation of the Board is governed by the [Standing Orders](#). The Code of Conduct appended to these sets out the expected behaviours of ESS' Board and Committee Members. The ESS Code of Conduct adopts in full the most recent Model Code of Conduct for Members of Devolved Public Bodies. The Board also takes account of the Scottish Government guidance for statutory public body boards titled [On Board: a guide for members of statutory boards](#).

2.49 The Audit and Risk Committee supports and advises the Board through constructive challenge. The Committee focuses on the risk assessment and management, the internal and external audit processes and the production of the Annual Report and Accounts. It uses the [Scottish Government Audit and Assurance Committee Handbook](#) to guide its work.

2.50 The Committee has an additional co-opted member to bring a different perspective to discussions. In addition, the Audit and Risk Committee benefits from the proactive and expert input of Deloitte LLP and the SGDIAA, who attend Audit and Risk Committee meetings.

2.51 The Committee held its annual development session on 7 April 2025, following a self-assessment carried out utilising the Audit and Assurance Committee Handbook [self-assessment checklist](#).

2.52 In addition, the Chair of the Audit and Risk Committee regularly attends the Scottish Audit Committee Chairs Network, to ensure best practice is embedded in the Committee's work.

2.53 The other documents which form part of ESS' governance framework are:

- the UK Withdrawal from the European Union (Continuity) (Scotland) Act 2021 ([‘the Continuity Act’](#)), which sets out ESS' powers, functions and duties
- the [Strategic Plan 2022-2025](#), which sets out ESS' mission, values and objectives
- the Risk Management Framework, which sets out significant risks facing ESS in the delivery of its aims and objectives, and how these are evaluated and appropriately managed
- annual Business Plan(s)

- various corporate policies and procedures

Corporate Governance

Whistleblowing

2.54 The Public Interest Disclosure Act 1998 names ESS as a prescribed person. ESS follows a set of procedures and reports annually on disclosures. If Board members or staff receive contact that could constitute whistleblowing, they must direct the individual to ESS' secure e-mail address Whistleblowing@environmentalstandards.scot. To maintain the confidentiality of any whistleblower, this inbox can only be accessed by authorised ESS staff.

Risk management

2.55 All bodies, to which the SPFM is directly applicable, must operate a risk management strategy in accordance with relevant guidance issued by the Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM.

2.56 ESS' risk management framework specifies the roles of the Board, the Audit and Risk Committee, the Executive Team and Chief Executive, and all staff at ESS. It details the processes of risk identification, assessment, mitigation and escalation. The framework is reviewed and approved by the Board at least annually.

2.57 ESS' positive approach to managing risk includes:

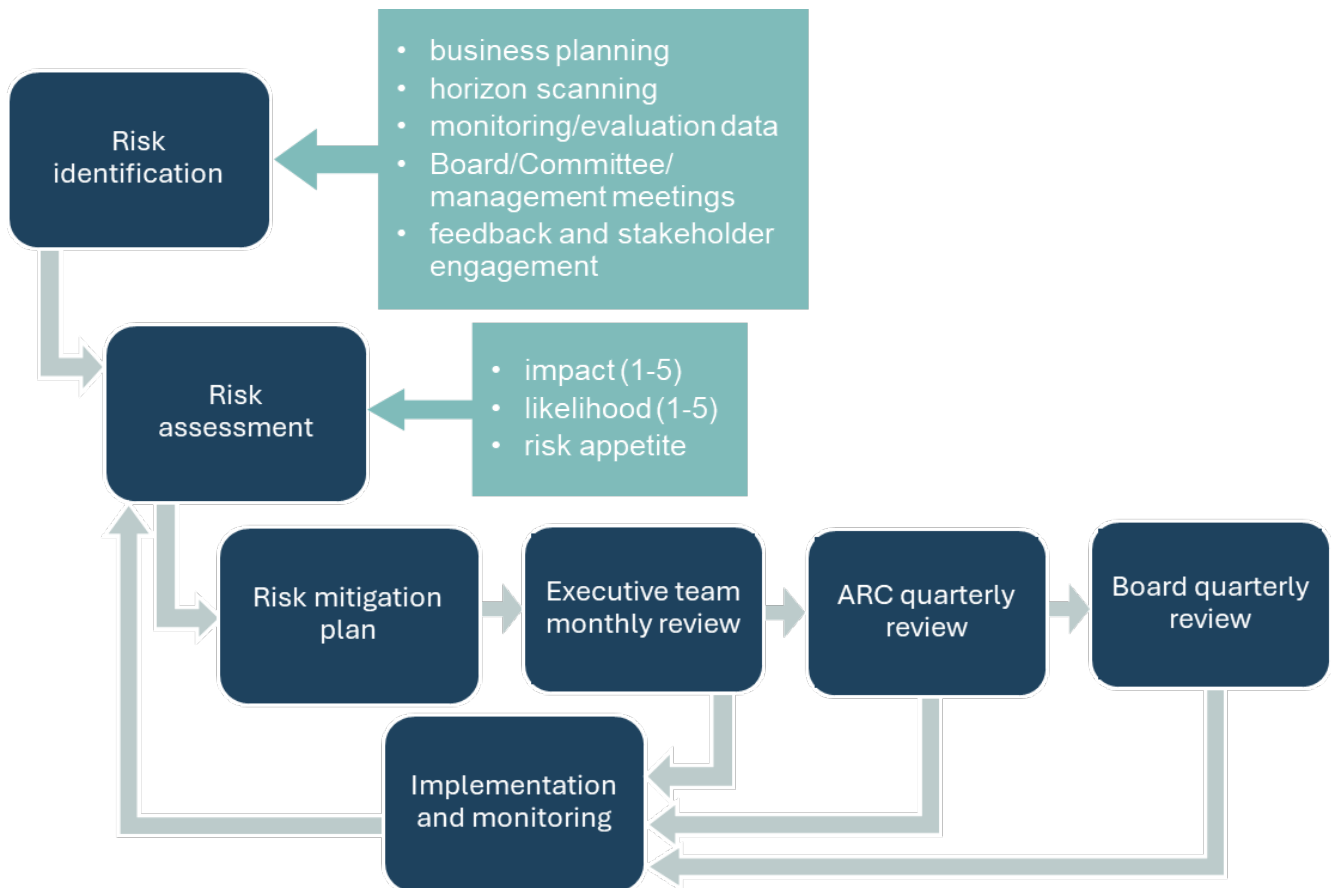
- operating a risk management process that is easy to understand and apply
- improving performance through better planning
- ensuring there is a good awareness of risk management within the organisation, including mandatory training

2.58 The objectives of ESS' approach are to:

- promote the awareness of risk and embed the approach to risk management within the organisation

- seek to identify, measure, control and report on any organisational risk that could undermine the delivery of ESS' functions, both strategically and operationally

2.59 This process at the corporate level, with details on risk identification and assessment, is set out in the diagram below:



2.60 The current key, corporate risks are reported on pages 28 to 31.

2.61 In addition to corporate risks, risk is managed across ESS at the functional and project level, meaning all staff play a part in risk management. Any significant risks are escalated to the Executive Team, Audit and Risk Committee or Board as required.

2.62 I am content that ESS' management of risk is effective. I assess our risk profile to be acceptable. I recognise that four of the risks remain outside ESS' risk appetite within this reporting period.

Written assurances

2.63 I have received assurances from the Scottish Government's Director Financial Management in respect of the shared financial systems and from the Scottish Government's Director Digital in respect of the shared IT services.

2.64 These confirm that internal control matters in the respective Directorates are working well and that there were no significant matters arising which would require to be raised specifically in the respective governance statement.

2.65 Scottish Government is continuing to work on a transformation programme which should improve key corporate finance systems in the longer-term. This is reflected in our ongoing risk profile and I have been kept informed of progress through updates and interim assurance statements.

2.66 I have received from the SGDIAA a copy of the assurance provided for 2024/25 on the Scottish Government's corporate services, which deliver these shared services to ESS. A 'reasonable' assurance was given noting that some improvements are required to enhance the adequacy and effectiveness of procedures. No weaknesses are of a significant nature.

2.67 Between 1 April 2024 and 31 March 2025, the Audit and Risk Committee considered an advisory review regarding ESS' performance reporting mechanism and an assurance opinion of 'reasonable' on ESS' risk management procedures. The Annual Assurance Report for 2024/25 was considered by the Audit and Risk Committee at its June 2025 meeting. Overall, SGDIAA provided 'reasonable' assurance for 2024/25.

Data security

2.68 ESS has in place a range of systems and measures which ensure that information held by the organisation, and held by third parties on behalf of the organisation, is secure.

2.69 All new staff have received training on GDPR and staff complete the annual mandatory online training.

2.70 There were no known data breaches in this 12-month reporting period.

Assessment of Corporate Governance and Risk Management Arrangements

2.71 As Accountable Officer, I have responsibility for overseeing ESS' corporate governance arrangements, including compliance with generally accepted best practice principles and relevant guidance. In addition I have responsibility for reviewing the effectiveness of ESS' risk management arrangements and system of internal control.

2.72 My review of the effectiveness of these systems is informed by:

- regular discussions with the Executive Team, covering planning, performance, risk and use of resources
- regular discussions with the Head of Corporate Services and Communications on finance and governance matters
- insight into ESS' performance from our internal auditors (SGDIAA), and their audit opinion on the quality of systems of governance, management and risk control
- the Board's views on progress, reports, including on governance matters, performance and risk management
- the views of the Audit and Risk Committee on the ESS' management of risk and assurance arrangements
- comments made by the external auditors in this, our third year of external audit
- a report provided by the Head of Corporate Services and Communications setting out the contracts we have in place with third-party providers, and their progress against objectives, alongside the findings of the third-party deep dive commissioned by the Audit and Risk Committee
- the completion of the most recent internal control checklist as set out in the SPFM (recognising that this provides reasonable assurance, but can never provide absolute assurance)

2.73 I confirm that I am satisfied that there are no significant control weaknesses or issues which have arisen in this 12 months of reporting.

Mark Roberts

Chief Executive of Environmental Standards Scotland and Accountable Officer

3. Remuneration and Staff Report

3.1 The remuneration and staff report sets out: ESS' remuneration policy for the Board, co-opted Committee members and senior management; reports on how that policy has been implemented; and the amounts awarded.

3.2 The information disclosed in the following tables applies to ESS' Board members, Audit and Risk Committee members and the Executive Team. This information is audited by the external auditors and other information is checked for consistency:

- single total figure of remuneration
- pension disclosures
- average number of persons employed by ESS
- staff costs
- fair pay disclosures

Pay and conditions of service

3.3 ESS staff are civil servants, as part of the Scottish Administration, and not the Scottish Government. They must adhere to the standards set out in the Civil Service Code (specifically, the version applicable to staff in non-ministerial offices in Scotland).

3.4 ESS appoints its staff in open and fair competition, in line with the Civil Service Commissioners' Recruitment Principles. Their remuneration is set in accordance with Scottish Government Public Sector Pay Policy as part of the Scottish Government Main Bargaining Unit.

3.5 Recruitment for Senior Civil Service posts adheres to the Scottish Government's recruitment policies and procedures. All recruitment under Senior Civil Service level adheres to UK Civil Service recruitment principles, utilising the Scottish Government Success Profiles framework.

3.6 The Chief Executive is a senior civil servant (SCS) whose remuneration is agreed in accordance with the performance and award arrangements for members of the relevant Senior Civil Service pay band.

3.7 The appointment of the Chief Executive is conducted in line with the Civil Service Commissioners' Recruitment Principles as they apply to senior civil servants in Scotland. The Chief Executive is appointed and employed by ESS on such terms as it may determine, but with the approval of Scottish Ministers.

3.8 The ESS Chair and Board members are appointed by Scottish Ministers, at a set daily rate, with the approval of the Scottish Parliament. With the approval of Ministers, ESS determines the remuneration of Board members and arranges for the reimbursement of expenses incurred by them on ESS business including attendance at Board and Committee meetings. Daily rate fees are also paid to the co-opted member of the Audit and Risk Committee as set out in their letter of appointment, and expenses for attendance at Committee meetings are reimbursed. Fees adhere to and are governed by the [Public Sector Pay Policy](#).

Single total figure of remuneration (audited)

3.9 Fees of the Board members and the co-opted member of the Audit and Risk Committee, and the salaries and accrued pension benefits of the Senior Management Team are set out below, following the format and methodology defined by the Cabinet Office and Financial Reporting Manual:

Board Member	Fees 2024/25 (£'000)	Fees 2023/24 (£'000)
Dr Richard Dixon	15-20	5-10
Marie Fallon*	5-10	0-5
Dr Paul McAleavey	0-5	0-5
Professor Annalisa Savaresi**	5-10	5-10
Morag Sheppard	0-5	0-5

Professor Chris Spray	0-5	0-5
Jim Martin***	0-5	10-15
Co-opted Audit Committee Member	Fees 2024/25 (£'000)	Fees 2023/24 (£'000)
Neil Oakley	0-5	0-5

Note: Board members do not receive pension benefits for their time at ESS.

* Marie Fallon is Chair of the Audit and Risk Committee

** Annalisa Savaresi is Chair of the International Advisory Panel

***This includes the final payment of fees and expenses to Jim Martin, who stood down as Chair of ESS on 31 March 2024

Senior Management Team	Wages (Salary Band)		Accrued Pension Benefits		Total	
	£'000		£		£'000	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
Neil Langhorn, Head of Strategy and Analysis (1)	75 - 80 (65-70 part time equivalent)	70-75 (60-65 part time equivalent)	39,998	12,163	115-120 (105-110 part time equivalent)	85-90 (70 – 75 part time equivalent)
Jamie McGrandles, Head of Investigations, Standards and Compliance	75 - 80	70-75	40,542	27,958	120-125	100 - 105

Rebecca Peppiette, Head of Corporate Services and Communications	75 – 80	70-75	37,761	27,318	115-120	100 - 105
Mark Roberts, Chief Executive	85 – 90	85 - 90	37,268	33,177	125-130	115 - 120

(1) Neil Langhorn (0.81 FTE)

Further notes on Pensions: final member (classic/classic plus/alpha) for the whole period

The final salary pension of a person is calculated by reference to their pay and length of service. The pension will increase from one year to the next by virtue of individuals having an extra year's service and by virtue of any pay rise during the year. None of the post holders listed on the table above received any benefits in-kind, or bonus payments in the year to 31 March 2025, (2023/24: nil).

Salary covers both pensionable and non-pensionable amounts and includes: gross salaries; overtime; recruitment and retention allowances; or other allowances to the extent that they are subject to UK taxation and any ex-gratia payments. It does not include amounts which are a reimbursement of expenses directly incurred in the performance of an individual's duties.

The value of pension benefits accrued during the year is calculated as (the real increase 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.

Pensions (audited)

Senior Management Team	Accrued Pension at Normal Retirement Age as at 31 March 2025	Real increase in pension and related lump sum at Normal Retirement Age	Cash Equivalent Transfer Value at 31 March 2025	Cash Equivalent Transfer Value at March 2024	Real Increase in Cash Equivalent Transfer Value
	£'000	£'000	£'000	£'000	£'000
Neil Langhorn, Head of Strategy and Analysis	25-30 plus a lump sum of 75-80	0-2.5 plus a lump sum of 0-2.5	642	586	30
Jamie McGrandles, Head of Investigations, Standards and Compliance	20-25	0-2.5	337	284	24
Rebecca Peppiette, Head of Corporate Services and Communications	10-15	0-2.5	208	162	27
Mark Roberts, Chief Executive	5-10	0-2.5	90	53	26

3.10 Pension benefits are calculated on Normal Retirement Age (NRA) where the pension entitlement is due at that age or at current age if over NRA. Employer contributions to all pension plans for 2024/25 were £367,370 (2023/24: £360,927) including £91,343 for the Executive Team (2023/24: £84,659). The above pension data was supplied to ESS by MyCSP.

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

calculated under the terms of the Alpha scheme for the period from 1 April 2015 to 31 March 2022.

Civil Service Pensions

3.12 The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS), known as Alpha, are unfunded multi-employer defined benefit schemes. However, ESS 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 [here](#).

3.13 For 2024/25, employers' contributions of £367,370 were payable to the Civil Servant and Others Pension Scheme (CSOPS) at 28.97% of pensionable earnings (2023/24 £275,700). The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2024/25 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

3.14 Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal and General Mastertrust. Employer contributions are age related and ranged from 8% and 14.75%. Employers also match employee contributions up to 3% of pensionable earnings.

3.15 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).

3.16 Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk.

The Cash Equivalent Transfer Value

3.17 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.

The real increase in the value of Cash Equivalent Transfer Value

3.18 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.

Civil Service early departure compensation scheme

3.19 During 2024/25 there were no early departure packages. There were also no early departure packages in 2023/24.

Fair Pay disclosure (audited)

	2024/25	2023/24
Band of highest paid director £'000	90 - 95	85 - 90
Per cent increase in highest paid Director over previous year, based on mid-point of salary band	6%	1%
25 th percentile pay ratio (Y25)	2.58	2.43
Median total remuneration	47,231	45,855
Median pay ratio (Y50)	1.9585	1.9082
75 th percentile pay ratio (Y75)	1.6031	1.6001
Range minimum – maximum £'000 (FTE)	25-30 to 90-95	30-35 to 110-115
Average per cent change of employees over previous year, excluding highest paid director	10%	0%

Total pay and benefits*	Y25	Y50	Y75
2024/25	35,903	47,231	57,701
2023/24	36,025	45,855	54,686

Note: ESS employees do not receive any other benefits in kind, therefore this table also represents the 'salary component of total and pay benefits' requirement

3.20 Existing senior level staff at higher pay levels have progressed through the four increments to the top of the relevant pay bands. New entry level staff have started at the bottom of relevant pay bands (as per the ESS policy for all grades). This has driven a bigger divide in ratios.

Staff Report

Number of Senior Civil Service staff

3.21 As at 31 March 2025, ESS employed one senior civil servant, the Chief Executive (31 March 2024: one senior civil servant).

Average number of full time equivalent persons employed by ESS (audited)

	2024/25 FTE	2023/24 FTE
Permanent Employees (including staff on loan)	21.76	21.28
Fixed Term Staff	1.41	2.41
Total	23.17	23.69
Board Members *	6	7

* Headcount rather than FTE

Staff costs (audited)

	2024/25 £'000	2023/24 £'000
Wages and Salaries	1,263	1,080*
Social Security costs	151	104*
Other pension costs	367	307*
Agency and casual staff costs	60	37
Board/Committee fees and expenses	45	38
Total administration staff costs	1,887**	1,566

*Reclassified comparative numbers from previously published 2023/24 accounts

**Rounding difference

Staff composition

3.22 The number of people employed by ESS at 31 March 2025 is set out in the table below by contract type.

3.23 The numbers include temporary and fixed term appointments and are shown as headcount and the full time equivalent.

Staff type	31 March 2025		31 March 2024	
	Headcount	Full time equivalent	Headcount	Full time equivalent
Permanent	24	22.65	22	21.28
Fixed term	1	0.81	3	2.41
Agency	0	0	1	0.2
Fast stream	0	0	0	0

3.24 The number of people of each sex employed by ESS at 31 March 2025 is set out in the following table.

3.25 The numbers include temporary and fixed-term appointments (excluding agency) and are headcount, not full time equivalent.

Category	31 March 2025		31 March 2024	
	Female	Male	Female	Male
Employees – non-Executive Team	15	6	14	7
Non-SCS members of Executive Team	1	2	1	2
Senior Civil Servants (band TR-1)	0	1	0	1
Total Staff	16	9	15	10
Board members	3	3	3	4

Sickness absence

	Average total of sick days per employee 2024/25	Average total of sick days per employee 2023/24
Short term absence (<20 working days)	3.44	3.44
Long term absence (>20 working days)	0	0
Total	3.44*	3.44*

* Both years had the same total

Staff turnover percentage

	Headcount*	Leavers	Turnover %
31 March 2025	24	2	8.3%
31 March 2024	21	2	9.5%

* Permanent headcount, excluding fixed-term appointment and inward loan staff

Staff survey engagement score

3.26 ESS issued the third annual Staff Engagement Survey in January 2025. This survey mirrors the People Survey used by the Civil Service. The engagement index reflects the employee responses to five questions measuring: pride; advocacy; attachment; inspiration; and motivation.

3.27 ESS has a low turnover of staff and a staff engagement index higher than the civil service recorded figure as set out below. This positive record relates to ESS' continued aim to deliver its People Strategy ambitions: attracting and keeping the right people; developing and nurturing our people; and enabling great performance and delivery.

	2024	2023
ESS Employee Engagement Score	67%	67%
Civil Service Employee Engagement Score	64% ²	65% ³

Staff policies for disabled persons

3.28 ESS analogues to the Scottish Government Main Bargaining Unit. This means that it mirrors the Scottish Government terms, conditions and staff policies. ESS follows the requirements of the Civil Service Code of Practice on the employment of people with disabilities in relation to the recruitment and employment of its staff, and follows the Scottish Government recruitment process. These mean ESS:

- ensures that all disabled applicants who meet the minimum advertised criteria for a job vacancy will be invited for interview. Disabled candidates are guaranteed the chance to be judged along with everyone else on their abilities
- continues the employment of, and arranges appropriate training for, employees who have become disabled persons while employed by ESS
- provides training and career development opportunities for disabled persons employed by ESS
- allows for reasonable adjustments to be made to either the work environment or terms and conditions of employment, as and when required

Employee relations

3.29 As a small organisation, ESS is able to quickly and effectively consult with all staff on relevant issues. Information is also gathered through: weekly full-team meetings; a range of working groups spread across departments, grades and functions; two-monthly anonymous pulse surveys; and focused externally facilitated sessions, for example on the development of ESS' People Strategy.

² [Civil Service People Survey 2024 - Results Highlights - GOV.UK](#)

³ [Civil Service People Survey 2023 - Results Highlights - GOV.UK](#)

3.30 ESS has a recognition agreement with three trade unions: Public and Commercial Services Union (PCS); Prospect; and FDA, to promote good industrial relations.

3.31 ESS analogues with Scottish Government terms and conditions and pay policy. In this year this has included the adoption in full of the new pay award and the move to a 35-hour working week from 1 October 2024.

Health and safety

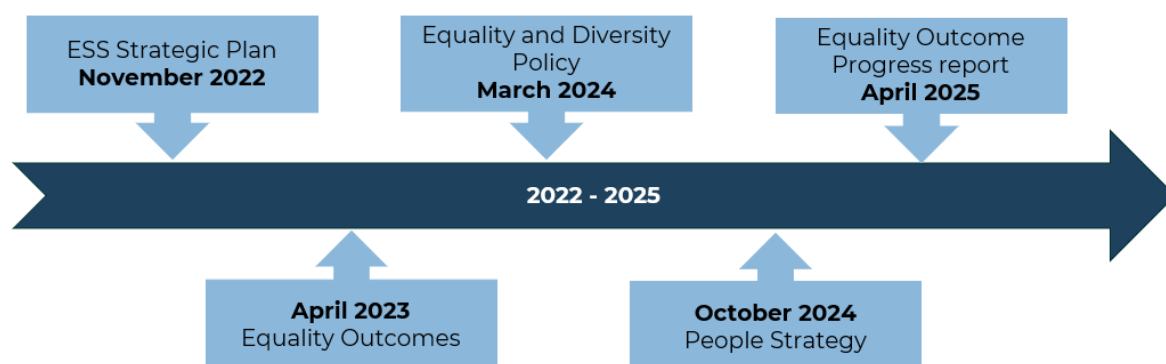
3.32 The health and safety of employees at ESS is a top priority. Risk assessments are in place for all operational activities within ESS, and health and safety inspections of the office are carried out regularly. There have been no reported accidents or incidents during this period.

Expenditure on consultancy

3.33 ESS has followed the Scottish Government guidance on 'Use of Consultancy Procedures', applying the 'three-part test' in determining whether a service is defined as consultancy. This approach has also been applied to the previous years expenditure for comparison purposes. In 2024/25 ESS incurred consultancy costs of £47,017 (£17,755 in 2023/24).

Diversity and inclusion

3.34 Since vesting in 2021, ESS has taken steps to ensure equality, diversity and inclusion are embedded in ESS' ways of working and day-to-day operations.



3.35 The first set of equality outcomes were published in April 2023, accompanied by an action plan to achieve these. In March 2024, ESS finalised and published the Equality and Diversity Policy, setting out the roles and responsibilities of all at ESS in supporting equalities considerations in employment practices and the services provided. In October 2024, following a series of workshops, a working group from across ESS' three departments developed the ESS People Strategy.

3.36 Furthermore, to ensure a range of perspectives, ideas and 'doing power' are applied to equalities at ESS, an Equality Champion programme was implemented in 2024. This includes volunteer champions from each team at ESS, including the Executive Team and the ESS Board, who:

- ensure equality, diversity and inclusion are considered at all level of decision-making at ESS
- support the delivery of the equality outcome action plan
- explore training opportunities and share learning with wider team
- provide constructive feedback and raise general awareness of equalities

3.37 Further information on ESS' progress towards achieving its equality outcomes and embedding equality, diversity and inclusion can be found within the [April 2025 mainstreaming report](#).

3.38 Despite collecting data on the composition of ESS staff, and using this data to identify potential areas of inequality and to ensure equality of opportunity, this information will not be reported here. This is due to the difficulties associated with anonymising such a small dataset, and to avoid the risk of either primary or secondary disclosure of personal and special category data.

Gender pay gap

3.39 The gender pay gap is calculated as the difference between average hourly earnings of men and women as a proportion of average hourly earnings (excluding overtime) of men's earnings. A 'positive' pay gap means that men earn more than women on average and a 'negative' gap means the reverse.

3.40 The gender pay gap is a means of highlighting a disparity in the pay received by men and women and is influenced by both the pay levels for equivalent jobs and the distribution of men and women across the grades within the workforce.

3.41 ESS pays women and men undertaking work of an equal value on the same scale (i.e. within the same pay range) with the exact pay depending on length of service.

	31 March 2025	31 March 2024
Median Gender pay gap	11.44	5.08
Arithmetic mean gender pay gap	16.89	16.62

3.42 The median gender pay gap for all staff at ESS at 31 March 2025 has increased since March 2024. With relatively small numbers of employees, the pay gap measure is sensitive to small changes in staffing and pay.

3.43 The table set out on the next page details the percentages of men and women as described by the [UK Government gender pay gap requirements](#) per hourly pay quartile.

	% Men	% Women
Upper hourly pay quartile	66.7	33.3
Upper middle hourly pay quartile	33.3	66.7
Lower middle hourly pay quartile	33.3	66.7
Lower hourly pay quartile	14.3	85.7

3.44 With only 25% of the Executive Team being female, this creates a wider mean gender pay gap. As recruitment continues and staff advance within their bands, it is expected that the gender pay gap will continue to change.

Mark Roberts

Chief Executive of Environmental Standards Scotland and Accountable Officer

4. Independent Auditor's Report

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

Reporting on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements in the annual report and accounts of Environmental Standards Scotland for the year ended 31 March 2025 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and 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 2024/25 Government Financial Reporting Manual (the 2024/25 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 2025 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 2024/25 FReM
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers

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 audit of the

financial statements section of our report. We were appointed by the Auditor General on 10 November 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 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 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 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 Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers are significant in the context of the body
- inquiring of the Accountable Officer and Head of Corporate 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 and Head of Corporate 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
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations

We obtained an understanding of the legal and regulatory framework that the body operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This includes the Public Finance and Accountability (Scotland) Act 2000
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the body's ability to operate or to avoid a material penalty. These include the Data Protection Act 2018 and relevant employment legislation

As a result of performing the above, we identified the greatest potential for fraud was in relation to the requirement to operate within the revenue budget set by the Scottish Government as part of the Budget (Scotland) Act. The risk is that the expenditure in relation to year-end transactions may be subject to potential manipulation in an attempt to align with its tolerance target or achieve a breakeven position. In response to this risk, we obtained confirmation of the revenue budget via the Budget (Scotland) Act and tested a sample of accruals, prepayments and invoices received around the year-end to assess whether they have been recorded in the correct period.

In common with audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulation described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatements due to fraud
- enquiring of management, internal audit and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations

- reading minutes of meetings of those charged with governance and reviewing internal audit reports

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

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 Public Finance and Accountability (Scotland) Act 2000 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 Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers
- 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 Public Finance and Accountability (Scotland) Act 2000 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
- the financial statements and the audited parts of the Remuneration and Staff Report are not in agreement with the accounting records
- 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.

Noel Simbarashe Jana, FCCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

8th floor, Silver Fin Building

455 Union Street

Aberdeen

AB11 6DB

United Kingdom

15 October 2025

5. Financial statements

Introduction

5.1 This statement of accounts reports the results of ESS for the year ended 31 March 2025. It has been prepared in accordance with the Accounts Direction given by the Scottish Ministers under section 19(4) of the Public Finance and Accountability Scotland Act 2000.

5.2 These financial statements were authorised by the Chief Executive, who is the Accountable Officer, on 15 October 2025.

Mark Roberts

Chief Executive of Environmental Standards Scotland and Accountable Officer

Statement of Comprehensive Net Expenditure for the year ended 31 March 2025

Notes		2024/25	2023/24
Administrative costs		£'000	£'000
Staff costs	3	1,887	1,566
Other operating costs	4	538	637
Notional costs	5	59	53
Depreciation	6	72	30
Total Operating Costs		2,557	2,286

All amounts relate to continuing activities.

Statement of Financial Position as at 31 March 2025

	Note	31 March 2025	31 March 2024
		£'000	£'000
Non-Current Assets			
Right-of-use assets	6	626	688
Total non-current assets		626	688
Current Assets			
Other receivables	7	10	13
Cash and cash equivalents	8	-	-
Total current assets		10	13
TOTAL ASSETS		636	701
Current liabilities			
Trade and other payables	9	(135)	(313)
Lease liabilities	10	(87)	(62)
Total current liabilities		(222)	(375)
Total assets less current liabilities		414	326
Non-Current liabilities			
Lease liabilities	10	(575)	(630)
Total non-current liabilities		(575)	(630)
Net liabilities		(161)	(304)
Taxpayers equity			
General fund	SOCTE ⁴	161	304
Total taxpayers equity		161	304

The accompanying notes on pages 75 to 88 form part of these financial statements.

⁴ Statement of Changes in Taxpayers' Equity (SOCTE)

Statement of Cash Flows for the year ended 31 March 2025

	Note	31 March 2025 £'000	31 March 2024 £'000
Cash flows from operating activities			
Total operating cost	SOCNE ⁵	(2,557)	(2,286)
Adjustments			
Depreciation	6	73	30
Interest expense	10	25	11
Notional Costs	5	59	53
Release of prior year period notional cost accruals	SOCTE	105	-
Movements in working capital			
Decrease/(Increase) in trade and other receivables	7	3	(7)
(Decrease)/Increase in trade and other payables	9,10	(156)	144
Lease interest paid	10	(25)	-
Net cash flows used in operating activities		(2,473)	(2,055)
Cash flows from financing activities			
Scottish Government Grant Funding	2	2,535	2,043
Lease rental paid – repayment of Principle in current year	10	(62)	(14)
Net Cash flows generated from financing activities		2,473	2,029
Net (decrease)/increase in cash and cash equivalents during the year	10	-	(26)

⁵ Statement of Comprehensive Net Expenditure (SOCNE)

Net (decrease)/increase in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		-	26
Cash and cash equivalents at the end of the year	8	-	-
Net (decrease) in cash and cash equivalents during the year		-	(26)

The accompanying notes on pages 75 to 88 form part of these financial statements.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2025

	Note	General Fund 2024/25 £'000	General Fund 2023/24 £'000
Balance at 1 April		(304)	(114)
Non-cash charges – notional costs	5	59	53
Release of prior year notional cost accruals	CFS	105	
Operating costs for the year	SOCNE	(2,557)	(2,286)
Scottish Government Grant	CFS	2,535	2,043
Balance at 31 March		(161)*	(304)

*Rounding difference

The accompanying notes on pages 75 to 88 form part of these financial statements.

6. Notes to the Accounts for the year ended 31 March 2025

1. Statement of accounting policies

(a) Basis of preparation

In accordance with the accounts direction issued by the Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000, these financial statements have been prepared in accordance with the Government Financial Reporting Manual 2024/25 (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstance for the purpose of giving a true and fair view has been selected. The particular policies adopted by ESS are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

Accounting convention

These accounts have been prepared under the historical cost convention and on a going concern basis. Figures are presented in pounds sterling and are rounded to the nearest £1,000.

The preparation of these accounts requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. These assessments are based on historic and other factors that are believed to be reasonable, the results of which form the basis for making judgements. The estimates and underlying assumptions are reviewed on an ongoing basis.

Critical accounting judgements and key sources of estimation

ESS leases its office at Thistle House, 91 Haymarket Terrace, Edinburgh, EH12 5HD through a Memorandum of Terms of Occupation (MOTO) with the Scottish Legal Aid Board (SLAB). This lease arrangement permits ESS to use and occupy this office space.

When ESS was formed in 2021, it took a short-term lease at Thistle House. This initially covered a small office on the ground floor and thereafter, as the staff team expanded, included a separate office on the second floor.

This temporary arrangement was made permanent in 2023 when a new longer-term lease was agreed with Scottish ministers for larger office space on the fifth floor of Thistle House on a 'without walls' basis. The leased office space is co-occupied with Consumer Scotland. The lease renews annually, at a pre-agreed rental rate, with the initial period having started from 1 November 2023 and ended on 31 March 2024. ESS and Consumer Scotland's collaborative approach forms part of both organisations' long-term public service reform planning.

ESS and SLAB currently intend that the occupation of the property will continue on this basis until 31 October 2033. This intent is documented in the MOTO. It is set out in the MOTO that any change of intent that would result in either party choosing not to renew would require six months' notice in writing.

Determining the lease term for this agreement requires significant judgment, as it involves assessing the likelihood of exercising the renewal options over a potentially extended period. IFRS 16 requires that a lease term includes periods covered by options to extend the lease if it is reasonably certain that the option will be exercised. This assessment necessitates a comprehensive evaluation of various factors.

In determining the lease term, the following factors were considered:

- organisational intentions. The assessment of the likelihood of exercising these options is based on ESS' long-term strategic approach, which anticipates continued occupancy of these premises until at least 31 October 2033
- market conditions. The organisation has conducted ongoing market research, and while suitable alternative premises exist, they do not offer comparable space, location, and lease terms. In summary, the space occupied offers value for money, allows for some growth in the workforce, and critically when staff commute from and work in various locations, is close to Edinburgh Haymarket station. The market for office space in the immediate area is strong and therefore acquiring alternative premises is likely to be challenging

- potential for early termination. While the lease agreement allows for annual renewal, ESS retains the flexibility to reassess its occupancy needs annually and terminate the lease with the appropriate notice in writing of six months. This possibility was explicitly considered in the assessment of reasonable certainty of continuing to lease the property until 31 October 2033

Based on the above considerations, it was concluded that it is reasonably certain that the renewal options will be exercised until 31 October 2033. Therefore, the total lease term for the office is considered to be 10 years from 1 November 2023. The impact of this judgment is a higher lease liability and right-of-use asset recognised on the balance sheet compared to recognising only the initial one-year term. ESS will continue to monitor the circumstances surrounding this lease agreement and will reassess this lease term annually. Any changes to the lease term will be reflected in future financial statements.

In the year ended 31 March 2025, there were no other material assumptions or other sources of estimation uncertainty that could lead to a significant risk of a material adjustment to the carrying amounts of assets and liabilities in the forthcoming year.

(b) Government grants

All ESS expenditure is met from funds advanced by the Scottish Government within an approved allocation. Cash drawn down to fund expenditure within this approved allocation is credited to the general fund in accordance with chapter 22 of the FReM. Funding for the acquisition of non-current assets received from the Scottish Government is credited to the general fund.

(c) Leases under IFRS 16

Initial recognition

At the inception of a contract, ESS assesses whether a contract is, or contains a lease. To assess whether a contract contains a lease, ESS considers whether the contract conveys the right to control or use an identified asset by:

- the contract involves the use of an identified asset
- ESS has the right to obtain substantially all the economic benefits from the use of the asset through the period of use
- ESS has the right to direct the use of the asset

Subsequent measurement

As a lessee ESS recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-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.

Depreciation and impairment

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an asset is not held for the purpose of generating cash flows, value in use is assumed to equal the cost of replacing the service potential provided by the asset, unless there has been a reduction in service potential. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Short-term leases and leases of low-value assets

ESS has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT/Office equipment. ESS recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(d) Value added tax

Environmental Standards Scotland is registered for VAT as part of the Scottish Government VAT group registration which is responsible for recovering VAT on behalf of ESS. Irrecoverable tax is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets.

(e) Pensions

Pension benefits are provided through the Principal Civil Service Pension Scheme (PCSPS) and the Civil Service and Other Pension Scheme (CSOPS) which are described in the remuneration and staff report. These are unfunded multi-employer defined benefit schemes in which ESS is unable to identify its share of the underlying assets and liabilities of the scheme. Therefore ESS has accounted for the contributions to the scheme as if it was a defined contribution scheme. This is in accordance with FReM requirements. Further information on pension information can be found in the Remuneration and Staff report set out at section 3.

(f) Going concern

The accounts have been prepared on the going concern basis, which provides that the organisation will continue in operational existence for the foreseeable future. ESS has no reason to believe that Scottish Ministers intend to withdraw support to the organisation, and funding for 2025/26 has been confirmed in the Budget (Scotland) Act 2025. It is therefore considered appropriate to prepare the accounts on a going concern basis

(g) Disclosure of new accounting standards

All new standards issued, and amendments made to existing standards are reviewed by the Financial Reporting and Advisory Board (FRAB) for subsequent inclusion in the FReM in force for the year in which the changes become applicable. ESS has considered the accounting standards not yet applied and have assessed the possible impact that their application would have on the financial statements.

New and forthcoming accounting standards include:

Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback

Effective Date: Annual periods beginning on or after 1 January 2024.

Overview: Clarifies the measurement of lease liabilities in sale and leaseback transactions, ensuring consistency in application.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current

Effective Date: Annual periods beginning on or after 1 January 2024.

Overview: Provides guidance on the classification of liabilities, particularly concerning covenants and rights to defer settlement.

Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements

Effective Date: Annual periods beginning on or after 1 January 2025.

Overview: Introduces new disclosure requirements for supplier finance arrangements to enhance transparency.

Amendments to IAS 21 – Lack of Exchangeability

Effective Date: Annual periods beginning on or after 1 January 2025.

Overview: Provides guidance on accounting for transactions when exchangeability between currencies is lacking.

Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments

Effective Date: Annual periods beginning on or after 1 January 2026.

Overview: Clarifies the classification of financial assets with ESG-linked features and addresses electronic payment settlements.

IFRS 18 – Presentation and Disclosure in Financial Statements

Effective Date: Annual periods beginning on or after 1 January 2027.

Overview: Introduces new requirements for the presentation and disclosure of financial statements, including the categorisation of income and expenses.

IFRS S1 and IFRS S2

Potential UK Adoption: The UK government plans to decide on the endorsement of these standards by mid-2025, with possible implementation from January 2026.

Overview: IFRS S1 requires disclosure of sustainability-related risks and opportunities, while IFRS S2 focuses specifically on climate-related disclosures. These standards aim to enhance transparency and comparability in sustainability reporting.

None of the new or forthcoming accounting standards are expected to have a material effect on ESS' financial statements for the year ended 31st March 2025.

(h) Capitalisation

The minimum level of capitalisation of physical non-current assets is £10,000.

Expenditure on furniture, fittings and fittings should be treated as revenue and not be capitalised in accordance with Scottish Government Policy Capitalisation thresholds.

As at 31 March 2025, ESS did not have any fixtures and fittings costs though refurbishment costs in the previous year (2023/24: £60,000) classed as furniture, fixtures and fittings under ESS running costs in Other Operating Costs note 4.

(i) Financial instruments

Financial Instruments are classified and accounted for, according to the substance of the contractual agreement, as financial assets, financial liabilities, or equity instruments. ESS held no equity instruments as at 31 March 2025, or during the year.

ESS' financial assets comprise of other trade and other receivables and cash and cash equivalents. These assets do not carry any interest and are stated at their nominal value.

ESS' financial liabilities comprise of trade and other payables and lease liabilities. The trade payables are not interest bearing and are stated at their nominal value. The lease liability is recognised in note 10.

(j) Cash and cash equivalents

Cash and cash equivalents comprises of cash held at the bank.

(k) Short term employee benefits

A liability and an expense is recognised for holiday days and other short-term benefits when ESS' employees render service that increases their entitlement to these benefits. As a result, an accrual has been made for holidays and flexi-time earned but not taken as at 31 March 2025.

(l) Notional cost

Notional costs represent expenditure incurred on behalf of ESS by other organisations. To reflect the full costs of their activities, ESS record some of these costs in the Statement of Comprehensive Net Expenditure. The amount is then reversed through the Statement of Changes in Tax Payers' equity.

2. Grant Funding for the year ended 31 March

	2024/25 £'000	2023/24 £'000
Scottish Government Grant	2,535	2,043
Total grant funding	2,535	2,043

3. Staff costs

Staff costs in 2024/25 amounted to £1,886,944. A breakdown of these costs is given in the Remuneration and Staff Report set out in section 3.

4. Other operating costs

Other operating costs	2025/24 £'000	2023/24 £'000
Third Party Contracts*	127	132
Shared Service Costs**	55	48
Consultancy	47	18
ESS running costs***	276	406
Learning and Development	33	33
Total Other Operating Costs	538	637

* Third party contracts include: website development; legal advice; internal audit fee; communications and design services

** Shared services include: Scottish Government IT and procurement re-charges

*** Running costs include: office costs; refurbishment costs; subscriptions; website maintenance

5. Notional costs

Notional costs	2025/24	2023/24
	£'000	£'000
External Audit Fees	59	53
Total notional costs	59	53

6. Right-of-use assets

Property, plant and equipment	2024/25	2023/24
Cost	Buildings £'000	Total £'000
At 1 April	718	-
Additions	-	718
Disposals	-	-
Transfers to Assets	-	-
Re-measurement	10	
At 31 March	728	718
Depreciation		
At 1 April	30	-
Charge for year	73	30
Disposals	-	-
At 31 March	103	30
NBV at 31 March	626	688
Analysis of Asset Financing		

Owned	-	-
Leased	626	688
NBV at 31 March	626	688

7. Other receivables

Other current assets	2024/25	2023/24
	£'000	£'000
Other receivables	10	13
Total other current assets within one year	10	13

8. Cash and cash equivalents

	2024/25	2023/24
	£'000	£'000
ESS RBS Bank Account	-	-

9. Trade and other payables

Trade and other payables	2024/25	2023/24
	£'000	£'000
Trade payables	30	79
Taxation and social security (HMRC related accruals)	37	28
Accruals	68	206
Other payables	106	234
Total due within one year	135	313

10. Lease liabilities

The statement of financial position shows the following amounts relating to leases.

Lease liabilities	2024/25	2023/24
	£'000	£'000
Current	87	62
Non-current	575	630
Balance at 31 March	662	692
The movement in the lease liabilities during the year was as follows:		
At 1 April	692	-
Addition of new leases	-	718
Disposals	-	-
Re-measurement	32	

Lease repayments	(87)	(36)
Interest costs	25	11
At 31 March	662	692*

* This total is affected by rounding differences

Amounts recognised in the Statement of Comprehensive Net Expenditure

	2025/24	2023/24
	£'000	£'000
Depreciation	73	30
Interest Expense	25	11
Total Lease Costs through SoCNE	97	40*

* This total is affected by rounding differences

Amounts recognised in the Statement of Cash Flows

	2025/24	2023/24
	£'000	£'000
Repayment of principal on leases	62	10
Interest expense	25	4
Cash flows	87	14

Maturity Analysis

Lease payments (principal and interest) – maturity analysis	Lease payments due £'000
Not later than one year	88
Later than 1 year and not later than 2 years	88
Later than 2 years and not later than 3 years	88
Later than 3 years and not later than 4 years	88
Later than 4 years and not later than 5 years	88
Later than 5 years	336
Total lease payments	774
Less: unearned lease interest	(112)
Total lease liabilities	662

11. Property, plant and equipment

ESS did not purchase and own any property or equipment over the minimum material limit.

12. Related party transactions

ESS is a non-ministerial office of the Scottish Administration and it considers that the Scottish Government is a related party within this context. During the period of this report, ESS has had a number of material financial transactions with the Scottish Government in relation to the provision of funding and IT. ESS had no material transactions with any other related parties.

Neither the Board/Committee members, nor any key managerial staff have undertaken any material transactions with ESS during the year.

13. Capital commitments and contingent liabilities

As at 31 March 2025 there were no contracted capital commitments or contingent liabilities (2023/24: no capital commitments or contingent liabilities).

14. Segmental reporting

ESS is considered to have one operating segment and therefore no segmental information is produced.

15. Events after the reporting period

As at the date of signing, no event has occurred since 31 March 2025 which materially impacts the financial statements.

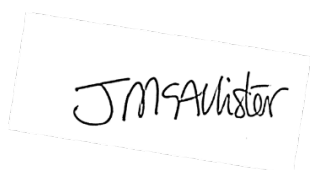


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Environmental Standards Scotland

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 hereby give the following direction.
2. The statement of accounts for the 18 month financial period ended 31 March 2023, and subsequent years ending 31 March, 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.



Signed by the authority of the Scottish Ministers

Dated 2/2/2022

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