

# Crown Estate Scotland

2023/24 Annual Audit Report



 AUDIT SCOTLAND

Prepared for Crown Estate Scotland and the Auditor General for Scotland

December 2024

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# Key messages

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## 2023/24 annual report and accounts

- 1 Audit opinions on the annual report and accounts are unmodified.
- 2 The Performance Report, Annual Governance Statement and audited part of the Remuneration and Staff Report are consistent with the Annual Accounts and have been prepared in accordance with applicable guidance.

## Financial management

- 3 Revenue profits increased at 31 March 2024 by £9 million.
- 4 Twelve exclusivity agreements for the INTOG project were signed in 2023/24 and the first option agreement for the project was signed in April 2024.
- 5 A review of the finance team has concluded, and a new structure has been implemented. All posts have been recruited and roles continue to be embedded. Where appropriate roles are still being reviewed and responsibilities reassigned or delegated within the new structure.
- 6 Appropriate and effective financial management arrangements were in place with regular budget monitoring reports provided to members.
- 7 Controls within the main financial systems operated effectively while standards for the prevention and detection of fraud remain appropriate.

## Financial sustainability

- 8 An approved budget for 2024/25 is in place and includes revenue budget forecasts for the following two years. The forecasts show increased turnover over the period to 2026/27. However, there is acknowledgement that there remains volatility particularly within turnover-based elements of offshore wind and aquaculture.
- 9 The capital budget was approved for 2024/25, and forecasts for the following two years developed. The forecasts will be refined over time to align with the next corporate plan period.
- 10 The Crown Estate Act 2019 sets out arrangements for the transfer of a proportion of revenue balance to the capital accounts. Scottish Government

have approved an increase on the prior year gross revenue balance from 9% to 13% for 2023/24 and 2024/25. The Marine Directorate have confirmed that alongside the one-year extension of the current corporate plan period the 13% statutory transfer will also be extended to March 2026.

## **Vision, leadership, and governance**

- 11 CES vision is set out in its corporate plan. The current corporate plan has been extended and work is underway on the development of the next corporate plan.
- 12 Governance arrangements are established but there are opportunities to strengthen these through more timely updates of the website.
- 13 A Board Effectiveness Review was commissioned and a number of recommendations were made around the board and executive relationship. The board have reviewed the report and an action plan has been developed to take forward improvement actions.
- 14 The sustainable communities fund continues to support local regeneration and sustainable development.

## **Use of resources to improve outcomes**

- 15 Appropriate best value arrangements have been established.
- 16 The Value Project provides a framework and principles to support CES consider the wider values that can be achieved through their work.
- 17 Performance management and reporting arrangements are in place, however further work is required to ensure key performance indicators are developed that provide an effective measure against which the organisations performance can be assessed.

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# Introduction

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**1.** This report summarises the findings from the 2023/24 audit of Crown Estate Scotland (CES). The scope of the audit was set out in an Annual Audit Plan presented to the Audit and Risk Committee meeting on 13 February 2024. This Annual Audit Report comprises:

- significant matters arising from an audit of CES's annual report and accounts
- conclusions on the following wider scope areas that frame public audit as set out in the [Code of Audit Practice 2021](#):
  - Financial Management
  - Financial Sustainability
  - Vision, Leadership, and Governance
  - Use of Resources to Improve Outcomes.

**2.** This report is addressed to the Board of CES and the Auditor General for Scotland and will be published on Audit Scotland's website [www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk) in due course.

## Audit appointment

**3.** Louisa Yule has been appointed by the Auditor General for Scotland as auditor of CES for the period from 2022/23 until 2026/27.

**4.** My team and I would like to thank Board members, Audit and Risk Committee members, executive directors, and other staff, particularly those in finance, for their cooperation and assistance in this year's audit, and we look forward to working together constructively over the course of the remainder of the five-year appointment.

## Responsibilities and reporting

**5.** CES has primary responsibility for ensuring the proper financial stewardship of public funds. This includes preparing an annual report and accounts that are in accordance with the account's direction from the Scottish Ministers. CES is also responsible for establishing appropriate and effective arrangements for governance, propriety, and regularity.

**6.** My responsibilities as the independent auditor are established by the Public Finance and Accountability (Scotland) Act 2000, the Code of Audit Practice

2021, supplementary guidance and International Standards on Auditing in the UK (ISAs).

**7.** Weaknesses or risks identified are only those which have come to the attention of the audit team during our normal audit work and may not be all that exist. Communicating these does not absolve management of CES from its responsibility to address the issues I raise and to maintain adequate systems of control.

**8.** This report contains an agreed action plan at [Appendix 1](#). It sets out specific recommendations, the responsible officers, and dates for implementation.

## Communication of fraud or suspected fraud

**9.** In line with ISA (UK) 240 (The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements), in presenting this report to the Audit and Risk Committee we seek confirmation from those charged with governance of any instances of actual, suspected, or alleged fraud that should be brought to our attention. Should members have any such knowledge or concerns relating to the risk of fraud within CES, we invite them to communicate this to the appointed auditor for consideration prior to the annual accounts being certified.

## Auditor Independence

**10.** We can confirm that the audit team comply with the Financial Reporting Council's Ethical Standard. We can also confirm that we have not undertaken any non-audit related services and therefore the 2023/24 audit fee of £53,830 as set out in my 2023/24 Annual Audit Plan remains unchanged. I am not aware of any relationships that could compromise our objectivity and independence.

**11.** The annual audit adds value to CES by:

- identifying and providing insight on significant risks, and making clear and relevant recommendations
- providing clear and focused conclusions on the appropriateness, effectiveness and impact of corporate governance, arrangements to ensure the best use of resources and financial sustainability.
- sharing intelligence and good practice identified.

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# 1. Audit of 2023/24 annual report and accounts

Public bodies are required to prepare annual reports and accounts comprising financial statements and other related reports. These are principal means of accounting for the stewardship public funds.

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## Main judgements

Audit opinions on the annual report and accounts are unmodified.

The Performance Report, Annual Governance Statement and audited part of the Remuneration and Staff Report are consistent with the Annual Accounts and have been prepared in accordance with applicable guidance.

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## Audit opinions on the annual report and accounts are unmodified

**12.** The Board approved the annual report and accounts for CES for the year ended 31 March 2024 on 4 December 2024. As reported in the independent auditor's report, in my opinion as the appointed auditor:

- the financial statements give a true and fair view of the body's affairs as at 31 March 2024 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2023/24 FreM;
- have been prepared in accordance with the requirement of the Scottish Crown Estate Act 2019 and directions made thereunder by the Scottish Ministers.

## Overall materiality was assessed as £14.280 million

**13.** Broadly, the concept of materiality is applied by auditors to determine whether misstatements identified during the audit could reasonably be expected to influence the economic decisions of users of the financial statements, and hence impact their opinion set out in the independent auditor's report. Auditors set a monetary threshold when considering materiality, although some issues

may be considered material by their nature. It is ultimately a matter of the auditor's professional judgement.

**14.** Our initial assessment of materiality was carried out during the risk assessment phase of the audit. This was reviewed and revised on receipt of the unaudited annual report and accounts and is summarised in [Exhibit 1](#).

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## Exhibit 1

### Materiality values

Materiality level	Amount
Overall materiality: This is the figure we calculate to assess the overall impact of audit adjustments on the financial statements. Materiality has been set based on our assessment of the needs of the users of the financial statements and the nature of CES's operations. It has been set at 2% of net assets as at 31 March 2024.	£14.280 million
Performance materiality: This acts as a trigger point. If the aggregate of errors identified during the Annual Accounts audit exceeds performance materiality, this would indicate that further audit procedures should be considered. Using our professional judgement, we have assessed performance materiality at 70% of overall materiality.	£9.900 million
Reporting threshold: We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount.	£0.360 million

**Source:** Audit Scotland

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### Lower specific materiality levels for the 2023/24 audit

**15.** In addition to the overall materiality outlined in [Exhibit 1](#), we can set lower materiality levels for certain classes of transaction, account balances or disclosure where lesser amounts could influence the decisions of the users of the financial statements.

**16.** We recognise that transactions within the Revenue Account such as revenue (including rents and royalties), costs (including staff costs, management fees and costs, repairs and maintenance and other direct expenditure) and the net revenue account profit distributable to the Scottish Government Consolidated Fund are likely to be of key interest to the users of the financial statements and we set specific materiality levels as shown in [Exhibit 2](#).



## Exhibit 2

### Materiality values

Materiality level	Amount
Overall materiality: We have set this at 2% of profit distributable to the Scottish Government Consolidated Fund at 31 March 2024.	£2.264 million
Performance materiality: This acts as a trigger point. If the aggregate of errors identified during the Annual Accounts audit exceeds performance materiality, this would indicate that further audit procedures should be considered. Using our professional judgement, we have assessed performance materiality at 70% of overall materiality.	£1.585 million
Reporting threshold: We are required to report to those charged with governance on all unadjusted misstatements more than the 'reporting threshold' amount.	£0.113 million

**Source:** Audit Scotland

**17.** It is our responsibility to request that all misstatements are corrected other than those below our reporting threshold. The final decision on making the correction lies with those charged with governance.

### Significant findings and key audit matters

**18.** Under ISA (UK) 260, we communicate significant findings from the audit to the Audit and Risk Committee, including my view about the qualitative aspects of CES's accounting practices.

**19.** The Code of Audit Practice also requires all audits to communicate key audit matters within the annual audit report under International Standard on Accounting (UK) 701. These are matters that we judged to be of most significance in our audit of the financial statements.

**20.** We identified one significant finding from the audit as summarised in [Exhibit 3](#).

## Exhibit 3

### Significant findings and key audit matters from the audit of the annual report and accounts

Issue	Resolution
Investment property valuations	We have agreed the valuation reports prepared by management's experts to

Issue	Resolution
<p>As at 31 March 2024 Crown Estate Scotland held investment properties of £665.5 million. Five valuers were appointed to undertake year end investment property valuations across the investment portfolio as follows:</p> <ul style="list-style-type: none"> <li>• Savills – Offshore wind (£355.3 million), Coastal (£42.6 million) and Aquaculture (£70.3 million)</li> <li>• Strutt and Parker – Rural (£105.2 million) and Forestry (£46.9 million)</li> <li>• Wardell Armstrong – Minerals (£1.5 million)</li> <li>• Powis Hughes – Cables and pipelines (£35 million), Wave and tidal (£0.490 thousand) and Carbon Capture, Utilisation and Storage (£0.020 million)</li> <li>• Graham and Sibbald – Urban (£8.2 million)</li> </ul>	<p>the underlying accounting entries made within the 2023/24 financial statements.</p> <p>We have evaluated the competence, capability and objectivity of the professional valuers appointed as management experts by CES.</p> <p>We have used our auditor’s valuation expert in order to challenge managements expert’s advice in relation to the valuations.</p> <p>Using the work and findings of our auditor valuation expert we challenged CES management of the valuation instructions issued and approach adopted in valuing investment property as at 31 March 2024. No issues were identified.</p> <p>We are satisfied that investment property valuations have been calculated appropriately and that year end valuation balances have not been materially misstatement.</p> <p>We are satisfied that the disclosure and accounting treatment, of investment property valuations complies with required accounting practices.</p>
<p>Crown Estate Scotland requested that the above external valuers provide independent valuations as at 31 March 2024 across the portfolio in line with the RICS Red Book requirements. Management have disclosed that investment properties are recorded at fair value in the financial statements in accordance with the valuations performed by the independent valuers.</p>	
<p>Management have disclosed that valuations are based on a number of key assumptions and that the valuations are conducted by independent, registered valuers on an annual basis and that valuations are in accordance with the RICS (RICS Red Book) requirements within the annual accounts.</p>	

## **There was one misstatement within the financial statements above the reporting threshold that has been corrected**

- 21.** In accordance with normal audit practice, a number of presentational and disclosure amendments were discussed and agreed with management.
- 22.** Our audit work identified one misstatement within the financial statements above the reporting threshold. This related to invoices issued for the accounting period commencing after 1 April 2024. The income was not due or received during the 2023/24 financial year, however had been recorded with receivables as a balance due at 31 March 2024. A corresponding entry had also been within payables. An adjustment to the accounts was processed for £1.8 million to remove this from the receivables and payables disclosures within the accounts. There is a nil impact to net assets for this adjustment.
- 23.** The accounting policies, accounting estimates and accounts disclosures in respect of qualitative aspects of the annual report and accounts are appropriate.
- 24.** As part of the finance update to the August 2024 Audit and Risk Committee, officers advised of their intention to adjust the accounts to reflect a difference between an accrual within the unaudited accounts and the actual outturn for offshore wind and aquaculture production for the period January to March 2024. The accounts included an accrual of £6.7 million for offshore wind production and aquaculture production between January and March 2024. The actual figure invoiced for the period was £7.8 million which was £1.1 million more than forecast.

## **The accounts include post balance sheet disclosures for a land purchase and the signing of an INTOG exclusivity agreement which moved to an option agreement**

- 25.** In accordance with CES Investment Strategy Update agreed by the Board on 16 August 2021 the Board approved a corporate goal for CES to commit to invest approximately £26 million in the Blue Economy including energy ports and harbours. As part of this commitment negotiations for the acquisition of farmland to the east of the Port of Nigg, and simultaneous lease (with option to buy) to a third party, began in June 2022. This site would be used to extend the Port of Nigg to allow the creation of an offshore wind cable factory.
- 26.** The sale concluded in September 2024 following Scottish Government approval for the land transaction. The accounts include disclosures for these non-adjusting post balance sheet event.
- 27.** As outlined at paragraphs 43-48, the first INTOG option agreement was signed in April 2024. CES have included reference to this within the accounts as a post balance sheet event.

## Audit work responded to the risks of material misstatement we identified in the annual report and accounts

**28.** We have obtained audit assurances over the identified significant risks of material misstatement in the annual report and accounts. [Exhibit 4](#) sets out the significant risks of material misstatement to the financial statements identified in our 2023/24 Annual Audit Plan. It also summarises the further audit procedures performed during the year to obtain assurances over these risks and the conclusions from the work completed.

### Exhibit 4

#### Identified Significant risks of material misstatement in the annual report and accounts

Audit risk	Assurance procedure	Results and conclusions
<p><b>1. Risk of material misstatement due to fraud caused by management override of controls</b></p> <p>As stated in ISA (UK) 240, management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating</p>	<ul style="list-style-type: none"> <li>• Assess the design and implementation of controls over journal entry processing.</li> <li>• Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments.</li> <li>• Test journals at the year-end and post-closing entries and focus on significant risk areas.</li> <li>• Evaluate significant transactions outside the normal course of business.</li> <li>• Substantive testing of income and expenditure transactions around the year-end to confirm they are accounted for in the correct financial year.</li> <li>• Focussed testing of accounting accruals and prepayments</li> </ul>	<p>We assessed the design and implementation of controls over journal entry processing. We concluded our review satisfactorily.</p> <p>We have made inquiries of individuals involved in the financial reporting process and have not identified any inappropriate or unusual activity relating to the processing of journal entries or adjustments.</p> <p>A sample of journal adjustments were tested, and no indication of management override of controls were found.</p> <p>We reviewed transactions during the year and identified no issues with significant transactions outside the normal course of business.</p> <p>We substantively tested income and expenditure and undertook focussed testing on accruals and prepayments. Our audit testing provides us with assurance that there are no material misstatements and confirmed that income and expenditure was properly</p>

Audit risk	Assurance procedure	Results and conclusions
		<p>accounted for in the appropriate financial year.</p> <p><b>Conclusion:</b> No instances of management override of controls were identified.</p>
<p><b>2. Estimation in the valuation of investment property</b></p> <p>Under the Financial Reporting Manual (FRM), investment property is required to be held at fair value and must be revalued at each balance sheet date. At 31 March 2023, total investment property of £653 million was held. CES engage valuation experts to determine an appropriate valuation for these assets. Given the value of investment assets and the level of complexity and judgement in the estimation valuation, we have recognised a significant risk in relation to the valuation of investment property.</p>	<ul style="list-style-type: none"> <li>• Review the information provided to the external valuer to assess for completeness.</li> <li>• Evaluate the competence, capabilities, and objectivity of the professional valuer.</li> <li>• Obtain an understanding of the management's involvement in the valuation process to assess if appropriate oversight has occurred.</li> <li>• Review revaluations made during the year and confirm these have been input to the asset register correctly.</li> <li>• Engage our own valuations expert to assess the final valuer's report and the assumptions used that underpin the final valuations.</li> </ul>	<p>We reviewed the confirmation of terms of engagement letters and obtained an understanding of the work of the valuers as management experts. No issues were identified.</p> <p>We assessed the professional competence, capability and objectivity of the valuers engaged by CES. No issues were identified. We obtained an understanding of the work of each of the valuers engaged. No issues were identified.</p> <p>We obtained the asset register and agreed it to the non-current assets note in the financial statements. No issues were identified.</p> <p>We checked whether the asset valuation disclosures in the financial statements agreed to the valuation reports. The figures in the accounts have been agreed to client schedules.</p> <p>We appointed a valuer and requested independent advice to assess the valuers reports and assumptions. Our audit valuation expert outlined some areas for follow up within their report. Responses have been received from CES's</p>

Audit risk	Assurance procedure	Results and conclusions
		<p>appointed valuers in response.</p> <p>Using our auditor valuation expert to challenge CES's management of the valuation instructions issued and approach adopted in valuing investment property as at 31 March 2024. No issues were identified.</p> <p><b>Conclusion:</b> We are satisfied that investment property valuations have been calculated appropriately and that year end valuation balances have not been materially misstatement.</p> <p>We are satisfied that the disclosure and accounting treatment, of investment property valuations complies with required accounting practices.</p>
<p><b>3. Presumed risks of fraud over revenue recognition</b></p> <p>As stated in International Standard on Auditing (UK) 240 there is a presumed risk of fraud over the recognition of revenue. CES generate revenue through a range of activities including rent, royalties and investments.</p> <p>The current directions, sets out an agreed percentage of prior year gross revenue that is transferred to the capital account and the remaining surplus is an annual revenue contribution to the Scottish Government, with the final payment made after the year end outturn position is finalised.</p>	<ul style="list-style-type: none"> <li>• Evaluate the accounting policy for revenue recognition for appropriateness and compliance with HM Treasury's Government Financial Reporting Manual.</li> <li>• Substantive testing of income transactions throughout the year to verify the existence and accuracy of the transactions to confirm they are recognised in the correct financial year.</li> <li>• Focussed testing of accrued and deferred income at the year end.</li> </ul>	<p>Reviewed the accounting policy for revenue recognition and assessed that this has been applied in line with sectoral requirements.</p> <p>We substantively tested income and undertook focussed testing of accrued income and prepayments. Our audit testing provides us with assurance that there are no material misstatements and confirmed that income and expenditure was properly accounted for in the financial year.</p> <p><b>Conclusion:</b> Our audit testing of income and accrued and deferred income has been concluded satisfactorily.</p>

Audit risk	Assurance procedure	Results and conclusions
<p>There is a risk that revenue could be misstated in attempting to achieve projected year outturn and this could result in a material misstatement in the financial statements.</p>		

Source: Crown Estate Annual Audit Plan 2023/24

### The unaudited annual report and accounts were received in line with the agreed audit timetable but not all working papers requested were available

**29.** The unaudited annual report and accounts were received on 9 September 2024 in line with the agreed audit timetable. However, the leases and capital commitment notes to the accounts were incomplete.

**30.** In the prior year annual audit report, we had reported capacity issues within the CES finance team. Whilst we noted improvements in the resourcing and management of the audit this year, there were still delays in receiving information requested which impacted on the efficiency of the audit process and extended the audit timetable.

**31.** In advance of the audit, we had provided finance officers with a working paper checklist and requested that all working papers would be available to the audit team for the start of the audit. When we reviewed the working papers provided, we noted that a number were not available.

**32.** Further delays were experienced in receiving some of these outstanding working papers including the director's assurance statements in support of the disclosures within the governance statement, the risk register as at March 2024, a list of credit notes, a copy of board and investment committee papers, a copy of closedown procedures and working papers for the cashflow statement and deferred income.

**33.** As part of the audit, we review the arrangements for preparing the accounts. Each year the finance team prepare a comprehensive day to day timetable for the delivery of the annual accounts, however this was not prepared for the 2023/24 year-end due to resource shortages and the continuing embedding of new roles within the finance team.

### Recommendation 1

Year-end arrangements continue to be re-established to ensure that the accounts preparation and subsequent audit preparation becomes more streamlined and

that all information requested by the audit team through the working paper checklist is available to the audit team prior to the commencement of the external audit.

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### **The Performance Report and Annual Governance Statement are consistent with the financial statements**

**34.** Our review of the annual governance statement and performance report within the 2023/24 annual report and accounts concluded that both are consistent with the financial statements and are properly prepared in accordance with the account's direction.

**35.** The annual governance statement reflects the governance and risk management arrangements and the review of effectiveness of the internal control framework.

**36.** The performance report contains details of the work of CES throughout the year and is linked to its strategic objectives. Details are included within the performance report of actions delivered against each of the strategic priorities during 2023/24.

### **The audited part of the Remuneration and Staff Report was consistent with the Annual Accounts and has been prepared in accordance with applicable regulations**

**37.** The Government Financial Reporting Manual 2023/24 requires organisations to include specific disclosures within the Remuneration and Staff Report within the Annual Report and Accounts. This includes details of:

- the remuneration of relevant persons, including pension entitlements, for the financial year (and prior year comparator);
- accrued pension benefits figures at 31 March of that year;
- analysis of staff numbers and costs and
- information relating to exit packages.

**38.** We have no issues to report in relation to the information included within the Remuneration Report in the 2023/24 Annual Accounts.

### **Good progress was made in relation to two of the prior year recommendations, however there is no evidence of improvement in the availability of board papers and minutes on the CES website**

**39.** There were three prior year recommendations within our 2022/23 annual audit report. We note that good progress has been made in reviewing the capacity of the finance team and a revised structure has been implemented. We



note that there is continuing work around the revision of key performance indicators as part of the development of the next corporate plan. However, we note no progress with improving the availability of Board papers and minutes following their approval on the website of CES. For actions not yet implemented, revised responses and timescales have been agreed with management and are set out in [Appendix 1](#).

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## 2. Financial management

Financial management means having sound budgetary processes, and the ability to understand the financial environment and whether internal controls are operating effectively.

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### Conclusion

Revenue profits increased at 31 March 2024 by £9 million.

Twelve exclusivity agreements for the INTOG project were signed in 2023/24 and the first option agreement for the project was signed in April 2024.

A review of the finance team has concluded, and a new structure has been implemented. All posts have been recruited apart from a project and systems role. The roles within the new team continue to be embedded. Where appropriate roles are still being reviewed and responsibilities reassigned or delegated within the new structure.

Appropriate and effective financial management arrangements were in place with regular budget monitoring reports provided to members.

Controls within the main financial systems were operating effectively while standards for the prevention and detection of fraud remain appropriate.

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### Revenue profits in the year increased on the 2022/23 year-end outturn

**40.** CES generated a total comprehensive revenue account profit of £112.6 million. This is an increase of £9 million from the prior year, net revenue profit of £103.6 million.

**41.** In accordance with the Civil List Act 1952 CES pay the revenue profits generated from the Scottish estate to the Scottish Government Consolidated Fund.

### 42. Twelve exclusivity agreements were signed during 2023/24 for INTOG projects

**43.** In August 2023, CES opened the Innovation and Targeted Oil and Gas (INTOG) offshore wind leasing process. The INTOG projects aim to decarbonise North Sea oil and gas platforms, bolster innovation, support

increased economic activity, and help new companies enter the renewable energy sector. This leasing round aims to support the achievement of emission reduction targets that have been agreed between the United Kingdom Government and industry in the North Sea Transition Deal.

**44.** Offshore wind developers were invited to put forward project proposals for the leasing of agreed areas of the seabed to reduce North Sea emissions and boost innovation. INTOG consists of two distinct elements:

- Innovation (IN) which is for small scale innovation projects of 100MW or
- Targeted Oil and Gas (TOG) is specifically designed for offshore wind farms which target the electrification of oil and gas installations.

**45.** In 2023/24, twelve exclusivity agreements were signed for the INTOG leasing round. The Exclusivity Agreements enable the successful applicants to continue offshore wind development work while Marine Scotland's planning process for the INTOG Sectoral Marine Plan (INTOG SMP) is completed. CES do not receive any income from the exclusivity agreements.

**46.** The successful projects consist of five innovation and seven targeted oil and gas projects. In line with its plan-led approach, CES proposed projects which are in the final INTOG SMP will be offered an option agreement to enable further development work.

**47.** Following the option period, and subject to all conditions being satisfied, CES will offer a seabed lease of fifty years for TOG projects and twenty-five years for IN projects. Developers will then be able to start construction. The type of innovations these projects are targeting include development of the supply chain, novel approaches to commercial methods, development of the offshore wind industry into new markets, and cost reduction opportunities.

**48.** On 19 April 2024, CES entered into the first option agreement for a green volt INTOG project, following the granting of marine licences and a Section 36 consent from Scottish Ministers. The project will help in the decarbonisation of North Sea oil and gas installations and provide clean energy as part of the transition towards net-zero.

### **A review of the finance team concluded that a new structure was required and recruitment has taken place to fill all roles**

**49.** In our prior year annual audit report, we reported that staffing changes within the finance team had led to challenges in resourcing the audit of the annual accounts whilst maintaining everyday activities within the team.

**50.** A review of the finance team and its structure has since been undertaken with consideration of the team's workload and responsibilities. At a senior level, there have not been changes in personnel with the executive lead remaining with the director of finance and business services and the financial controller continuing to lead and manage the team. The finance team has increased the

number of posts below the financial controller from two individuals to a team of six.

**51.** Appointment to the final post within the new team structure was in August 2024. We have been advised that the finance team have been impacted during the 2023/24 financial year and subsequent audit, by delays in not having a fully established team in place. As noted in paragraphs 29-33, the 2023/24 audit experienced delays due to availability of information and finance staff having capacity to respond to audit queries.

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## **Recommendation 2**

The finance team continue to review the roles and responsibilities within the new structure and where appropriate redefine practices or the allocation of tasks to ensure increased management capacity within the team is fully realised.

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### **Budget monitoring and reporting processes were appropriate**

**52.** Finance reports are presented to each meeting of the Audit and Risk Committee and Board. The reports provide updates on the latest quarterly financial capital and revenue position of CES.

**53.** The papers consider actual performance compared to the forecast and outline variances for income and expenditure. Explanations for variances and comparisons to forecast budgets are provided within the detail of the reports. We conclude that CES has effective financial management processes in place to manage and monitor their budgets.

### **CES has appropriate financial control arrangements in place**

**54.** As part of our audit, we identified and documented our understanding of key controls within financial systems. We completed this for the general ledger, cash and bank, payroll and investment property valuations.

**55.** The key controls reviewed included system user access, authorisation of journals, bank reconciliations, changes to supplier bank details, authorisation of expenditure prior to payment, payroll exception reporting, instructions to valuers for investment properties and general IT controls.

**56.** From our review of the design and implementation of systems of internal control (including those relating to IT) relevant to our audit approach, we did not identify any internal control weaknesses which could affect CES ability to record, process, summarise and report financial and other relevant data to result in a material misstatement in the financial statements.

**57.** CES use service organisations to support their delivery of certain functions. This includes managing agents and payroll services. We have reviewed the controls CES have in place to ensure that appropriate oversight of the arrangements is maintained.

**58.** We have concluded that CES has appropriate financial control arrangements in place.

### **Standards of conduct and arrangements for the prevention and detection of fraud and error are appropriate**

**59.** In the public sector there are specific fraud risks, including those relating to tax receipts, welfare benefits, grants and other claims made by individuals and organisations. Public sector bodies are responsible for implementing effective systems of internal control, including internal audit, which safeguard public assets and prevent and detect fraud, error and irregularities, bribery and corruption.

**60.** CES has adequate arrangements in place to prevent and detect fraud or other irregularities.

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# Financial sustainability

Financial sustainability means being able to meet the needs of the present without compromising the ability of future generations to meet their own needs.

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## Conclusion

An approved budget for 2024/25 is in place and includes revenue budget forecasts for the following two years. The forecasts show increased turnover over the period to 2026/27. However, there is acknowledgement that there remains volatility particularly within turnover-based elements of offshore wind and aquaculture.

The capital budget was approved for 2024/25, and forecasts for the following two years developed. The forecasts will be refined over time to align with the next corporate plan period.

The Crown Estate Act 2019 sets out arrangements for the transfer of a proportion of revenue balance to the capital accounts. Scottish Government have approved an increase on the prior year gross revenue balance from 9% to 13% for 2023/24 and 2024/25. The Marine Directorate have confirmed that alongside the one-year extension of the current corporate plan period the 13% statutory transfer will also be extended to March 2026.

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## CES approved the revenue and capital budgets for 2024/25 and provided forecasts for the following two years

**61.** CES is a self-financing organisation and does not receive an annual funding settlement from Scottish Government. Revenue is generated from the assets of CES. The Board considered the revenue and capital budgets for 2024/25 at its February 2024 meeting. Following discussions the final budget was circulated to Board members in an out of meeting paper on 5 April 2024. All board members responded to the paper and approved the budget prior to 12 April 2024. The decision was confirmed on 17 April 2024 via an email circulated to all board members.

**62.** The first and second year of both the revenue and capital budget forecasts, sit within the current corporate plan. The third year of the three-year budget will sit within the next corporate plan period. It is acknowledged within the budget paper that there could be material changes to the 2025 to 2027 period of the

budget following the finalisation of the new corporate plan and budgets will be updated as part of this process.

**63.** The key messages from the approved budget are that turnover, excluding ScotWind is forecast to increase from £41.9 million in 2023/24 to £51.7 million in 2026/27. No revenue has been incorporated into the budget for INTOG option fees due to uncertainties over timing. The aquaculture and offshore wind turnover-based elements remain volatile in nature and the final actual outturn figures are based on factors out with the control of CES.

**64.** The increased turnover that is projected through the revenue budget is mainly due to increased production of offshore wind sites to 2025/26. The budget paper notes that there are other offshore wind sites that could move from options to leases and that would start to generate income during the next budget period. However, no turnover has been assumed from this as there is uncertainty over the timing.

**65.** Over the longer term this capacity should generate increased turnover for CES, however in the shorter term it is acknowledged that previous forecasts were lower than budgeted due to delays in increasing production, and periods of reduced production due to outages and grid constraints.

**66.** An increase in aquaculture turnover is expected in 2026/27. This is as a consequence of rent factor increases and not due to increases in production.

**67.** The budget projects that net profit before capital transfers will increase from an outturn £24.3 million in 2023/24 to £29.1 million in 2026/27. This will be as a result of the budgeted turnover increases noted above, but will partially be offset by some extra expenditure, including staff costs.

### **The capital budget has been approved for 2024/25 and financial forecasts have been outlined for a further two years. These forecasts will continue to be refined over the course of the next financial year**

**68.** The Board received a copy of the capital budget for the three-year period 2024/25 to 2026/27 at the February 2024 meeting. The 2024/25 budget includes a £12.6 million increase in capital expenditure. This is due to delays to 2023/24 capital projects that will now be taken forward in 2024/25.

**69.** The first year of the three-year capital budget is the final year of the current corporate plan. The second and third years of the three-year budget will sit within the next corporate plan period. Following the finalisation of the new plan there could be material changes and revisions to the capital plan for 2025/26 onwards.

### **The Crown Estate Act 2019 sets out arrangements for the transfer of a proportion of the revenue balance to the capital account**

**70.** The Statements of Comprehensive Income within the annual audited accounts includes a revenue account and a capital account. The majority of income received by CES is classified as revenue in nature.

**71.** The Crown Estate Act 2019 sets out arrangements for an annual transfer from the revenue account to the capital account. The amount transferred during 2023/24 was 13% of gross revenue balance. This was approved by Scottish Government in March 2023 for the financial years 2023/24 and 2024/25. No capital statutory transfer has been approved of the period beyond March 2025. A letter from the Director of the Marine Directorate has confirmed that the current corporate plan is to be extended by one-year. The letter confirms that the 13% statutory transfer will also be extended to cover this period.



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# 4. Vision, leadership and governance

Public sector bodies must have a clear vision and strategy and set priorities for improvement within this vision and strategy. They work together with partners and communities to improve outcomes and foster a culture of innovation.

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## Conclusion

CES outlines its vision within the corporate plan. The current corporate plan has been extended and work is underway on the development of the next corporate plan.

Governance arrangements are established but there are opportunities to strengthen these through more timely updates of the website.

A Board Effectiveness Review was commissioned and a number of recommendations were made around the board and executive relationship. The board have reviewed the report and an action plan has been developed to take forward improvement actions.

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## CES has a clear vision and is continuing to develop its new corporate plan

**72.** CES have been granted an extension to their Corporate Plan by the Cabinet Secretary for Rural Affairs, Land Reform and Islands. As noted with our prior year annual audit report, a strategic framework has been developed to guide the work around the development of the next corporate plan for the period 2026-31. This will bring together core values alongside a newly defined purpose, vision and set of roles. This framework was created based on feedback from staff, tenants and stakeholders, alongside independent research.

**73.** The corporate plan sets out how CES align with Scottish Government's National Performance Framework. Scottish Ministers' vision for the Estate is that it is *'managed sustainably, responsibly, and fairly, and in a transparent and inclusive manner, to deliver financial benefits and wider and long-term social, economic and environment benefits for Scotland and its communities.'*

**74.** The 2024/25 business plan states that “Our purpose is to invest in property, natural resources, and communities to generate lasting value for Scotland. As a property-based business, we must continually invest capital in order to generate sustainable revenues.”

**75.** The business plan sets out the actions and milestones of key activities that will deliver the current corporate plan objectives as well as setting out the preparations for the next five-year planning cycle. Throughout the year, progress is reported to the CES Board, with the overall delivery reported upon in the Annual Report.

**76.** We have concluded that CES have a clear vision and that arrangements are in place to report to Board on progress against delivery of business plan objectives.

### **Governance arrangements are in place but there are opportunities to strengthen transparency through regular updates to the website**

**77.** The Board of CES is supported by an Audit and Risk Committee, Investment Committee and a Remuneration Committee. Scottish Ministers appoint all eight board members for a defined term, with the option for members to be reappointed for a second term.

**78.** Governance arrangements are established in relation to the issuing of committee papers and the structure of the meetings. The audit team attend all meetings of the Audit and Risk Committee and have observed the robust scrutiny and challenge members’ exercise.

**79.** The CES website contains a wide range of information on assets, the corporate plan, the development of the new plan and other wider organisations activities that support delivery against the strategic objectives. In the prior year we noted that the board paper and minutes are available on the website following approval. However, there continue to be delays in approved papers being uploaded to the website and as at October 2024 the last papers and minutes uploaded to the website were for August 2023. Openness and transparency could be further strengthened by ensuring that board papers and minutes are uploaded to the website in a timely manner following approval.

### **A review of board effectiveness was commissioned and findings have been reviewed. CES have identified improvement and development actions**

**80.** In March 2024, the Board confirmed arrangements for an external review of its effectiveness with an intention for an independent review of governance to take place every three years thereafter. Campbell Tickell were appointed at the start of May 2024 to conduct an external review of Board effectiveness during May and June.

**81.** The review process included:

- a review of governance documentation,
- interviews with all Board Members, the majority of the Executive Team and the Interim Head of Governance, and
- observation of meetings of the Investment Committee, Audit & Risk Committee and Board.

**82.** A final report was presented to the Board on 27 August 2024. This included findings and observations from the review. The report recommended a review of the relationship between executives and board members including there being a need to “focus on closer working, session to build trust, defining responsibilities with greater clarity, better challenge and support, and more ‘out and about’ engagement”. The report also recommends a root cause analysis exercise to understand why CES has struggled with delivery to date and review the skills, experience and support executives require to improve this position.

**83.** A detailed action plan has been developed to address the issues identified in the review. All actions have a responsible officer assigned and a clear timeline of when the action is due to be completed. The latest version of the action plan includes a status update to provide members and executives with a clear understanding of what work has taken place for each action.

**84.** CES are engaging a third party to undertake further work around facilitating workshops, coaching, group mentoring and 1-2-1 sessions as well as attending further board and committee meetings. The Chair is also exploring options for further follow up work and what the scope of this would be.

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### **Recommendation 3**

Ensure the board receive regular updates of progress against the action plan developed following the board effectiveness review. The reports should outline details of progress, actions completed, subsequent actions identified and explanations as to the reason for slippage in the delivery of any identified actions.

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### **Climate change arrangements**

**85.** The Scottish Parliament has set a legally binding target of becoming net zero by 2045. The public sector in Scotland has a key role to play in ensuring these targets are met and in adapting to the impacts of climate change.

**86.** CES developed a Climate Change Action Plan in 2021. This set out commitments relating to both the estate and business activities. As at 31 March 2024, nineteen of the twenty-three actions set out in the action plan have a green status. There are three amber rated actions and one red.

**87.** CES are considering how to incorporate sustainability within the 2026-31 Corporate Plan activities.

## The sustainable communities fund continues to support local regeneration and sustainable development

**88.** CES established the Sustainable Communities Fund in 2020. The fund aims to support local regeneration and sustainable development. Over the past four years, £1.4 million of grants have been disbursed from the fund.

**89.** The fund has two separate grant streams:

- Community Capacity Grants: these grants provide early-stage financial support for community enterprise projects. This programme is open to all communities up to five miles from Scotland's coastline or within five miles of our rural estates.
- Environment Grants: grants provide funding to CES tenants only, for projects which can deliver demonstrable environmental benefits within 18 months of award of funds.

**90.** In 2023/24 £0.105 million of environmental grants were disbursed, this takes the total grants awarded since 2020 to £0.425 million. A total of £0.975 million of community capacity grants have been awarded with eight grants totalling £0.304 million being awarded in 2023/24. These included awards for:

- architectural and designer services required for eight affordable homes in Torridon;
- transfer a derelict barn in Nether Lochaber into a viable community hub;
- installing a ground source heat network to provide islanders in Iona with clean, green sustainable energy.

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# 5. Use of resources to improve outcomes

Public sector bodies need to make best use of their resources to meet stated outcomes and improvement objectives, through effective planning and working with strategic partners and communities.

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## Conclusions

Appropriate best value arrangements have been established.

The Value Project provides a framework and principles to support CES through the consideration of wider values that can be achieved through their work.

Performance management and reporting arrangements are in place, however further work is required to ensure key performance indicators are developed that provide an effective measure against which the organisations performance can be assessed.

The sustainable communities fund continues to support local regeneration and sustainable development.

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## CES has established appropriate Best Value arrangements in place

**91.** [Ministerial guidance to Accountable Officers](#) for public bodies and the [Scottish Public Finance Manual](#) (SPFM) sets out the accountable officer's duty to ensure that arrangements are in place to secure best value. The guidance sets out the key characteristics of best value and states that compliance with the duty of best value requires public bodies to take a systematic approach to self-evaluation and continuous improvement.

**92.** As set out in the Framework Agreement with Scottish Government Marine Scotland Directorate, CES's purpose is to invest in property, natural resources and people to generate lasting value for Scotland. This includes maintaining and seeking to enhance both revenue and the capital value of assets.

**93.** CES invest in natural resources to generate lasting value for the people of Scotland. Projects such as ScotWind leasing, which was the Scotland's first

offshore wind leasing round and the INTOG projects are examples of how CES enhance review and the capital value of assets.

### **The Value Project identified wider benefits that can be obtained from the work of CES and a decision was made for wider values to be considered and included within the decision-making process**

**94.** In 2019, CES commenced work on the Value Project. This was a research project which aimed to provide better understanding of:

- the value created through assets and CES activities;
- the different types of value and how these can be quantified;
- identify areas where there is potential to generate more value.

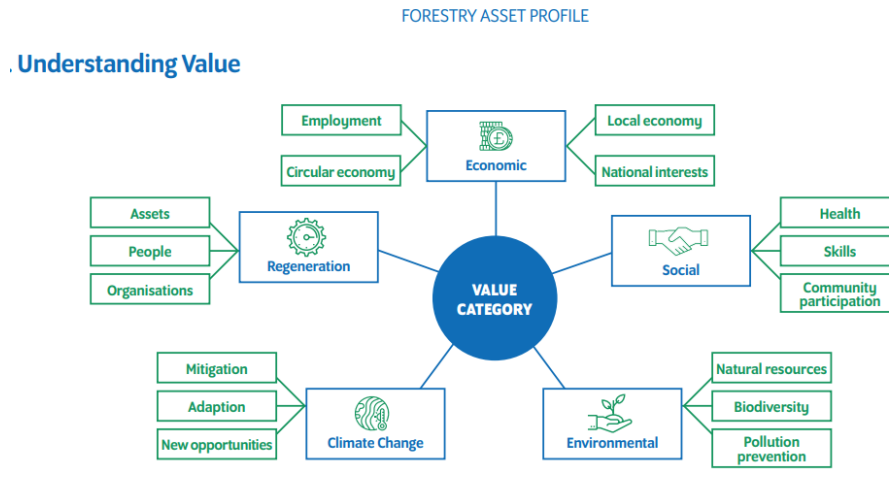
**95.** The purpose of the research was to look beyond the traditional focus on financial returns and to incorporate broader considerations that have the potential to provide a wider benefit. The research identified five wider values of economic, social, environmental, climate change and regeneration.

**96.** Asset profiles were established and have most recently been reviewed and refreshed in November 2022. The profiles provide an overview of CES's different asset classes, the way they deliver value and the assets potential to increase that value over time. CES are building considerations of 'wider value' into their decision making, so that future agreements and investments will look beyond the financial cost and return. The CES website contains copies of each of the asset profiles.

**97.** The asset profile will outline the size, locality and value of the portfolio. Context is provided around the long term aims and goals of projects and work to engage with various stakeholders and partners including local communities.

**98.** In line with the value project, the asset profile includes a diagram to illustrate CES understanding of value, as shown below in [Exhibit 5](#) for forestry.

## Exhibit 5 Forestry Asset Profile – understanding value



Source: Crown Estate Scotland: Forestry Asset Profile 2023/24

99. Examples within the forestry portfolio of value being added include:

- the development of skills through work with Barony College and the forestry intern role;
- encouraging physical activity through provision of waymarked trails and leaflets promoting good health;
- educational visits for school and university groups; and
- forestry operations carried out sustainably in accordance with the UK Woodland Assurance Standard.

100. The Value Project provides a framework for CES to consider the additional benefits that can be obtained from the activities of CES for communities across Scotland. The forestry asset profile outlines the range of benefits and added value that has been achieved.

**Performance is regularly monitored but further work is required to ensure that key performance indicators provide an effective indicator of how the organisation is performing**

101. The current corporate plan includes a range of key performance indicators which are reflected within annual business plans. Performance is monitored and reported through a variety of forums throughout the year including quarterly reports to the Board and monthly updates to the leadership meetings.

**102.** CES has nine key performance indicators which are reported within the performance analysis section of the annual report and accounts. Overall performance has been positive in 2023/24 compared to the prior year period, however, it is difficult to quantify due to the lack of measurable targets as outlined within [Exhibit 6](#).

## Exhibit 6

### Key performance indicators – trend analysis

Key performance indicator	Target	2022/23	2023/24
GW offshore renewables in seabed agreements	None	38.05 GW	44.59 GW
Production capacity in new finfish agreements	None	13,343 tonnes	17,193 tonnes
Total capital committed	£70 million	£14.2 million	£15.9 million
Number of projects promoting sustainable natural resource use	None	26	30
Number of projects encouraging people to more involved in how land, coast and seabed are managed	None	18	19
Net revenue	£24m of non-ScotWind money 2020-25	2020- 2023 £49.4 million	2020-2024 £64.4 million
Capital valuation	Valuation increased on March 2020	£653.1 million (31 March 2023).	£665.6 million at 31 March 2024
Staff feedback/satisfaction	15% increase on 2019 baseline of 55%	No staff survey	73% with CES as employer 74% employee engagement.
Tenant and stakeholder satisfaction	Increase or no change in tenant or stakeholder satisfaction	Aquaculture tenant survey performance between 88% and 100%. 44% MSPs; 35% local authorities chief	Tenant survey performance between 88% and 100%. 26% MSPs; 35% local authorities chief executives and



Key performance indicator	Target	2022/23	2023/24
		executives and 43% local authority head of economic development	57% local authority head of economic development

Source: Crown Estate Scotland Annual Report and Accounts 2023/24

**103.** On review of the nine indicators, we note that four measures have no specific target specified. The remaining five key performance indicators do have specified targets but the objectives and targets could be more clearly articulated in terms of being specific, measurable, time relevant.

**104.** It would also be helpful to wider stakeholders to have some context around the key performance indicators to outline to stakeholders what level of success has been achieved. For example, the key performance indicator target for capital valuation is for an increased value from a March 2020 baseline. There is no quantification of the level of increase the organisation are aiming to achieve or any linkage to what the increased value of the capital portfolio would indicate.

**105.** Therefore, whilst the quantitative outturn achieved may have increased from the prior year, it is difficult to assess whether this is in line with expectations or whether a better result could have been obtained.

**106.** As recommended through our 2022/23 annual audit report, key performance indicators should be specific and measurable. We note at paragraph 72 that CES are currently in the process of developing their new corporate plan for the period 2026-31. This work includes the development of key performance indicators.

# Appendix 1. Action plan 2023/24

## 2023/24 recommendations

Issue/risk	Recommendation	Agreed management action/timing
<p><b>1. Availability of full audit working paper package at start of audit</b></p> <p>At the start of the audit, a number of working papers requested as part of our audit working paper package were not available to the audit team.</p> <p>Risk – There is a risk that delays in the receipt of working papers and underlying documentation could impact the progress of the audit.</p>	<p>Year-end arrangements continue to be re-established to ensure that the accounts preparation and subsequent audit preparation become more streamlined and that all information requested by the audit team through the working paper checklist is available to the audit team prior to the commencement of the external audit.</p> <p><a href="#">Paragraph 32</a></p>	<p><b>Accepted</b></p> <p>Resourcing changes beyond the control of Crown Estate Scotland, along with the recent increase in capacity requiring substantial training, and role responsibilities being developed. The team is actively working on this to ensure by the start of the next year end process, leading into the audit, there will be a clear plan and all working papers will be available at the start of the audit.</p> <p>Responsible officer: Financial Controller</p> <p>Agreed date: March 2025</p>
<p><b>2. Embedding of new finance team</b></p> <p>Over the past year, CES have restructured and expanded their finance team. The final role within the structure was appointed in August 2024. To ensure capacity within the team is fully utilised, a review of roles and responsibilities and the delegation of tasks should be</p>	<p>The finance team continue to review the roles and responsibilities and where appropriate redefine practices or the allocation of tasks to ensure increased management capacity within the team is fully realised.</p> <p><a href="#">Paragraph 50</a></p>	<p><b>Accepted</b></p> <p>The finance team are currently working to ensure all tasks are resourced with trained staff and there is adequate resilience for absences and increased delegation including the financial controller role to increase strategic and management capacity in the team. This is an ongoing</p>

Issue/risk	Recommendation	Agreed management action/timing
<p>undertaken to further develop the team structure.</p> <p>Risk – There is a risk that failure to re-designate certain tasks across the team structure may lead to the teams increased capacity not being fully realised.</p>		<p>process that will be completed by March 25.</p> <p>Responsible officer: Financial Controller</p> <p>Agreed date: March 2025</p>
<p><b>3. Board effectiveness review</b></p> <p>CES commissioned a review of board effectiveness and the findings from this were reported in August 2024. The review provides an opportunity for the board to consider areas for development or change. It has been agreed that an action plan will be developed to take forward agreed actions.</p> <p>Risk – There is a risk that failure to address areas for improvement or development or delays in developing an agreed action plan could lead to improvement actions not being realised at the earliest opportunity.</p>	<p>Ensure the board receive regular updates of progress against the action plan developed following the board effectiveness review. The reports should outline details of progress, actions completed, subsequent actions identified and explanations as to the reason for slippage in the delivery of any identified actions.</p> <p><a href="#">Paragraph 83</a></p>	<p><b>Accepted</b></p> <p>A comprehensive action plan has been developed for implementation and the Board will receive regular updates on progress together with the status of the actions.</p> <p>Responsible officer: Chief Executive</p> <p>Agreed date: December 2025</p>

## Follow-up of prior year recommendations

Issue/risk	Recommendation and Agreed Action	Progress
<p><b>b/f 1. Financial capacity</b></p> <p>Over the past year CES have experienced staffing changes within the finance function. These changes affect officers involved in the preparation of</p>	<p><b>Recommendation:</b> Review the roles and responsibilities of the finance function to ensure that is appropriately resourced and that effective succession planning arrangements are in place.</p>	<p>A new finance team structure has been agreed and recruitment has taken place to establish the new team.</p> <p><b>Action Implemented</b></p>

Issue/risk	Recommendation and Agreed Action	Progress
<p>the financial statements and subsequent audit process.</p> <p>There is a risk that the finance department is not sufficiently resourced in terms of time, scale and capacity to support the preparation of the financial statements.</p>	<p><b>Agreed management action:</b> Additional resource has been added to the finance team and is being bedded in over H2 2023 and the roles and responsibilities of the finance team is under further review with an anticipation further new roles will be created. This review and any subsequent recruitment will be completed by March 2024.</p> <p><b>Responsible officer:</b> Director of Finance and Business Services.</p> <p><b>Agreed Date:</b> March 2024</p>	
<p><b>b/f 2. Key Performance Indicators</b></p> <p>The corporate plan includes nine key performance indicators, however, four of these do not have a specific, measurable target in place.</p> <p>There is a risk that the Board are unable to fully assess performance against key strategic priorities and objectives without targets in place.</p>	<p><b>Recommendation:</b> Key performance indicators should be meaningful, clear and concise and should be based on strategic and business operations of CES. Specific and measurable targets should be established to measure all key performance indicators.</p> <p><b>Agree management action:</b> A review of KPIs for the 2020-25 corporate plan period was undertaken in 2023-24. New KPIs are being explored and tested in 2024-25 ahead of a new performance framework being in place for 2025-30.</p> <p><b>Responsible Officer:</b> Director of Corporate Operations</p>	<p><b>Work in progress</b></p> <p>A comprehensive set of KPIs has been developed for the 2026/31 Corporate Plan. These will be reviewed by the Board and then finalised and targets set as part of the Corporate Planning process. The KPIs, where possible, will be utilised as part of the 2025/26 Business Planning process.</p> <p>Responsible officer: Chief Executive supported by Executive Team</p> <p>Revised date: December 2025 to incorporate into the 2026/31 Corporate Plan</p>

Issue/risk	Recommendation and Agreed Action	Progress
	<b>Agreed date:</b> December 2024	
<p><b>3. Governance</b></p> <p>Minutes and papers for the February 2022 Board meeting were not available on Crown Estate Scotland's website at the time of the audit despite being approved. The May 2023 Board minutes and papers were uploaded to the website in early November 2023.</p>	<p><b>Recommendation:</b> We recommend that all approved papers and minutes are made publicly available as soon as is practical.</p> <p><b>Revised management action:</b> Additional resource has been brought into the Governance team during 2023-24. This provides additional capacity to ensure timely updating of the website.</p> <p><b>Responsible officer:</b> Governance Manager</p> <p><b>Revised date:</b> March 2024</p>	<p><b>Audit Update:</b> On review of CES website on 9 October we noted that the last Board papers and minutes available are August 2023.</p> <p><b>Not implemented</b></p> <p>Revised action: Additional resource had been recruited, however during FY23/24 and into FY24/25 there has been lower capacity in the team due to unplanned absence and role vacancies. The capacity is in place as of November 2024 to ensure timely updating of the website going forward.</p> <p>Responsible officer: Head of Governance</p> <p>Revised date: March 2025</p>

# Crown Estate Scotland

## Annual Audit Report

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Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN  
T: 0131 625 1500 E: [info@audit-scotland.gov.uk](mailto:info@audit-scotland.gov.uk)  
[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)