

# Royal Botanic Garden Edinburgh

2024/25 Annual Audit Report



Prepared for Royal Botanic Garden Edinburgh and the Auditor General for Scotland  
December 2025

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# Key messages

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## Audit of the annual report and accounts

- 1** All audit opinions stated that the annual report and accounts were free from material misstatement.
- 2** All audit adjustments required to correct the financial statements were processed by RBGE.

## Wider scope and Best Value audit

- 3** RBGE has effective and appropriate arrangements in place for Financial Management.
  - 4** There are opportunities for RBGE to strengthen its approach to financial planning. RBGE is developing an integrated income strategy which is positive progress. Once finalised and incorporated into a formal medium-term financial plan, this will enhance financial resilience and strategic planning.
  - 5** Overall costs for the Edinburgh Biomes Programme continue to increase and an updated draft business case submitted to the Scottish Government presents two options which are significantly more than originally planned in 2021.
  - 6** RBGE has clear plans in place to implement its vision, strategy and priorities.
  - 7** Trustees approved a contract for Energy Centre works outside of established governance arrangements due to exceptional circumstances.
  - 8** Documentation for an exit package paid in year did not follow Scottish Public Finance Manual guidance.
  - 9** Performance management arrangements remain effective.
  - 10** RBGE has effective and appropriate arrangements in place for securing Best Value.
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# Introduction

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## Purpose of the Annual Audit Report

1. The purpose of this Annual Audit Report is to report the significant matters identified from the 2024/25 audit of Royal Botanic Garden Edinburgh's annual report and accounts and the wider scope areas specified in the [Code of Audit Practice \(2021\)](#).
2. The Annual Audit Report is addressed to Royal Botanic Garden Edinburgh, hereafter referred to as 'RBGE' and the Auditor General for Scotland, and will be published on [Audit Scotland's website](#) in due course.

## Appointed auditor and independence

3. Pauline Murray, of Audit Scotland, has been appointed as external auditor of RBGE for the period from 2022/23 until 2026/27. As reported in the Annual Audit Plan, Pauline Murray and the audit team are independent of RBGE in accordance with relevant ethical requirements, including the Financial Reporting Council's Ethical Standard. There have been no developments since the issue of the Annual Audit Plan that impact on the continued independence of the engagement lead or the rest of the audit team from RBGE, including no provision of non-audit services.

## Acknowledgements

4. We would like to thank RBGE and its staff, particularly those involved in preparation of the annual report and accounts, for their cooperation and assistance during the audit. We look forward to working together constructively over the remainder of the five-year audit appointment.

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# Audit scope and responsibilities

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## Scope of the audit

**5.** The audit is performed in accordance with the Code of Audit Practice, including supplementary guidance, International Standards on Auditing (ISA) (UK), and relevant legislation. These set out the requirements for the scope of the audit which includes:

- An audit of the financial statements and an opinion on whether they give a true and fair view and are free from material misstatement, including the regularity of income and expenditure.
- An opinion on statutory other information published with the financial statements in the annual report and accounts, namely the Trustees' Report and Governance Statement.
- An opinion on the audited part of the Remuneration and Staff Report.
- Conclusions on RBGE's arrangements in relation to the wider scope areas: Financial Management; Financial Sustainability; Vision, Leadership and Governance; and Use of Resources to Improve Outcomes.
- Reporting on RBGE's arrangements for securing Best Value.
- Providing assurance on the Whole of Government Accounts return.
- Provision of this Annual Audit Report.

## Responsibilities and reporting

**6.** The Code of Audit Practice sets out the respective responsibilities of RBGE and the auditor. A summary of the key responsibilities is outlined below.

### Auditor's responsibilities

**7.** The responsibilities of auditors in the public sector are established in the Public Finance and Accountability (Scotland) Act 2000. These include providing an independent opinion on the financial statements and other information reported within the annual report and accounts, and concluding on RBGE's arrangements in place for the wider scope areas and Best Value.

**8.** The matters reported in the Annual Audit Report are only those that have been identified by the audit team during normal audit work and may not be all that exist. Communicating these does not absolve RBGE from its responsibilities outlined below.

**9.** The Annual Audit Report includes an agreed action plan at [Appendix 1](#) setting out specific recommendations to address matters identified and includes details of the responsible officer and dates for implementation.

## **RBGE's responsibilities**

**10.** RBGE has primary responsibility for ensuring proper financial stewardship of public funds, compliance with relevant legislation and establishing effective arrangements for governance, propriety, and regularity that enables it to successfully deliver its objectives. The features of proper financial stewardship include:

- Establishing arrangements to ensure the proper conduct of its affairs.
- Preparation of an annual report and accounts, comprising financial statements for RBGE and its group that gives a true and fair view and other specified information.
- Establishing arrangements for the prevention and detection of fraud, error and irregularities, and bribery and corruption.
- Implementing arrangements to ensure its financial position is soundly based.
- Making arrangements to secure Best Value.
- Establishing an internal audit function.

## **National and performance audit reporting**

**11.** The Auditor General for Scotland and the Accounts Commission regularly publish national and performance audit reports. These cover a range of matters, many of which may be of interest to RBGE and the Audit Committee. Details of national and performance audit reports published over the last year can be seen in [Appendix 2](#).

# Audit of the annual report and accounts

## Main judgements

All audit opinions stated that the annual report and accounts were free from material misstatement.

All audit adjustments required to correct the financial statements were processed by RBGE.

## Audit opinions on the annual report and accounts

**12.** The Board of Trustees (the Board) approved the annual report and accounts for RBGE and its group on 10 December 2025 and signed by the appointed auditor on 11 December 2025. The Independent Auditor's Report is included in RBGE's annual report and accounts, and this reports that, in the appointed auditor's opinion, these were free from material misstatement.



## Audit timetable

**13.** The unaudited annual report and accounts and all working papers were received on 29 September 2025 in accordance with the agreed audit timetable.

## Audit Fee

**14.** The audit fee for the 2024/25 audit was reported in the Annual Audit Plan and was set at £24,950. There have been no developments that impact on planned audit work required, therefore the audit fee reported in the Annual Audit Plan remains unchanged.

## Materiality

**15.** The concept of materiality is applied by auditors in planning and performing an audit, and in evaluating the effect of any uncorrected misstatements on the financial statements or other information reported in the annual report and accounts.

**16.** Broadly, the concept of materiality is to determine whether misstatements identified during the audit could reasonably be expected to

influence the decisions of users of the annual report and accounts. Auditors set a monetary threshold when determining materiality, although some issues may be considered material by their nature. Therefore, materiality is ultimately a matter of the auditor's professional judgement.

**17.** Materiality levels for the audit of RBGE and its group were determined at the risk assessment phase of the audit and were reported in the Annual Audit Plan, which also reported the judgements made in determining materiality levels. These were reassessed on receipt of the unaudited annual report and accounts. Materiality levels were updated and these can be seen in [Exhibit 1](#).

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## Exhibit 1

### 2024/25 Materiality levels for RBGE and its group

Materiality	RBGE	Group
<b>Materiality</b> – set at 2% of gross expenditure.	£491,000	£537,000
<b>Performance materiality</b> – set at 65% of materiality. As outlined in the Annual Audit Plan, this acts as a trigger point. If the aggregate of misstatements identified during the audit exceeds performance materiality, this could indicate further audit procedures are required.	£319,000	£349,000
<b>Reporting threshold</b> – set at 5% of materiality.	£25,000	£26,000

Source: Audit Scotland

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## Significant findings and key audit matters

**18.** ISA (UK) 260 requires auditors to communicate significant findings from the audit to those charged with governance, which for RBGE is the Board of Trustees.

**19.** The Code of Audit Practice also requires public sector auditors to communicate key audit matters. These are the matters that, in the auditor's professional judgement, are of most significance to the audit of the financial statements and require most attention when performing the audit.

**20.** In determining key audit matters, auditors consider:

- Areas of higher or significant risk of material misstatement.



- Areas where significant judgement is required, including accounting estimates that are subject to a high degree of estimation uncertainty.
- Significant events or transactions that occurred during the year.

**21.** The significant findings and key audit matters to report are outlined in [Exhibit 2](#).

## Exhibit 2

### Significant findings and key audit matters

Significant findings and key audit matters	Outcome
<p><b>Assurances to support the Governance Statement</b></p> <p>RBGE's governance arrangements have been set out in the Governance Statement. A key part of the governance arrangements is the certificates of assurance completed by directors. These certificates help inform the accountable officer's review of the effectiveness of the internal control system as senior management have responsibility for the development and maintenance of that internal control framework.</p> <p>We requested copies of these certificates at the start of our audit fieldwork but were received only after they were signed, late in the audit process. The Scottish Public Finance Manual (SPFM) requires assurances to be commissioned towards the end of the financial year to allow timely completion and meet the accounts timetable.</p>	<p>Although the assurances supporting the Governance Statement were not signed until November, they raised no issues that affected the disclosures within the Governance Statement.</p> <div> <p><b>Recommendation 1</b></p> <p>Arrangements to support the Governance Statement</p> <p>RBGE should review the arrangements in place to support the preparation of its Governance Statement to ensure compliance with the requirements of the SPFM going forward.</p> </div>

## Qualitative aspects of accounting practices

**22.** ISA (UK) 260 also requires auditors to communicate their view about qualitative aspects of RBGE's accounting practices, including accounting policies, accounting estimates, and disclosures in the financial statements.

### Accounting policies

**23.** The appropriateness of accounting policies adopted by RBGE was assessed as part of the audit. These were considered to be appropriate to the circumstances of RBGE, and there were no significant departures from the accounting policies set out in the Government Financial Reporting Manual (FReM).

### Accounting estimates

**24.** Accounting estimates are used in a number of areas in RBGE's financial statements, including the valuation of land and buildings. Audit work considered the process management of RBGE has in place around making accounting estimates, including the assumptions and data used in making the estimates, and the use of any management experts. Audit work concluded:

- There were no issues with the selection or application of methods, assumptions, and data used to make the accounting estimates, and these were considered to be reasonable.
- There was no evidence of management bias in making the accounting estimates.

### Disclosures in the financial statements

**25.** The adequacy of disclosures in the financial statements was assessed as part of the audit. The quality of disclosures was adequate, with additional disclosures made to the accounting policies for key estimates and significant judgements and for accounting standards issued not yet effective.

## Group audit

**26.** RBGE is part of a group and prepares group financial statements. The group is made up of three components, including RBGE which is the parent of the group. As outlined in the Annual Audit Plan, audit work was required on a number of the group's components for the purposes of the group audit, and this work was performed by a combination of the audit team and the components' audit teams. Group audit instructions were issued to component auditors, where required, to outline the expectations and requirements in performing the audit work for the purposes of the group audit. The audit work performed on the group's components is summarised in [Exhibit 3](#).

**Exhibit 3****Summary of audit work on the group's components**

Group component	Auditor and audit work required	Summary of audit work performed
Royal Botanic Garden Edinburgh	<b>Audit Scotland</b> Fully scope audit of the RBGE's annual report and accounts.	The outcome of audit work performed is reported within the Annual Audit Report, with details of significant findings and key audit matters reported in <a href="#">Exhibit 2</a> .
Botanics Trading Company	<b>CT</b> Questionnaire completed by component auditor and review and evaluation of component auditor's work.	Consolidated on a line-by-line basis. Audit team confirmed correct accounting treatment.  No issues were identified with the audit procedures performed by the component auditor.
Botanics Energy Company	<b>CT</b> Questionnaire completed by component auditor and review and evaluation of component auditor's work.	Consolidated on a line-by-line basis. Audit team confirmed correct accounting treatment.  No issues were identified with the audit procedures performed by the component auditor.

Source: Audit Scotland

**27.** ISA (UK) 600 requires auditors to report the following matters if these are identified or encountered during an audit:

- any instances where review of a component auditor's work gave rise to issues and how this was resolved.
- any limitations on the group audit.
- any frauds or suspected frauds involving group or component management.

**28.** No issues were identified from our work in relation to these matters.

**Significant matters discussed with management**

**29.** All significant matters identified during the audit and discussed with RBGE's management have been reported in the Annual Audit Report.

## Audit adjustments

**30.** Audit adjustments were required to the financial statements to correct misstatements that were identified from the audit. Details of all audit adjustments greater than the reporting threshold of £0.025 million are outlined in [Exhibit 4](#).

### Exhibit 4 Audit adjustments

Details	Financial statements lines impacted	Statement of Financial Activities (SoFA)		Balance Sheet	
Audit adjustments to financial statements		Dr	Cr	Dr	Cr
		£000	£000	£000	£000
1. An adjustment was required to reclassify intangible assets which had incorrectly been included within tangible assets.					
	Intangible Assets			232	
	Tangible Fixed Assets – Office Equipment				(232)
2. An adjustment was required to reverse depreciation and revaluation incorrectly charged in year on assets already fully depreciated.					
	Tangible Fixed Assets – Land and Buildings			70	
	Expenditure - Depreciation		(67)		
	Gain on revaluation		(3)		
Net impact on financial statements			(70)	70	
Audit adjustments in disclosures					
1. Adjustment to Note 11 Tangible Fixed Assets for £340,000 of IT Equipment incorrectly classified as Scientific Equipment.					

**31.** Management of RBGE processed audit adjustments for all misstatements identified greater than the reporting threshold. As a result, there are no uncorrected misstatement to report.

## Whole of Government Accounts (WGA) return

**32.** RBGE is part of the WGA boundary and therefore prepares a return that is used by HM Treasury to prepare the WGA. The National Audit Office (NAO) is the auditor for the WGA and issues instructions outlining audit procedures auditors must follow when auditing a WGA return. The threshold for requiring audit procedures to be performed on the WGA return was set at £2 billion. RBGE was below this threshold and therefore only limited audit procedures were required, and submission of an assurance statement to the NAO.

## Significant risks of material misstatement identified in the Annual Audit Plan

**33.** Audit work has been performed in response to the significant risks of material misstatement identified in the Annual Audit Plan. The outcome of audit work performed is summarised in [Exhibit](#).

### Exhibit 5

#### Significant risks of material misstatement to the financial statements

Risk of material misstatement	Planned audit response	Outcome of audit work
<p><b>Fraud caused by management override of controls</b></p> <p>Management is in a unique position to perpetrate fraud because of management's ability to override controls that otherwise appear to be operating effectively.</p>	<p>The audit team will:</p> <ul style="list-style-type: none"> <li>Evaluate 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 entries, focusing on those that are assessed as higher risk.</li> <li>Evaluate significant transactions outside the normal course of business.</li> </ul>	<p>Audit work performed found:</p> <ul style="list-style-type: none"> <li>The design and implementation of controls over journal processing were appropriate.</li> <li>No inappropriate or unusual activity relating to the processing of journal entries was identified from discussions with individuals involved in financial reporting.</li> <li>No significant issues were identified from testing of journal entries.</li> <li>No significant issues were identified from transactions outside the normal course of business.</li> </ul>

Risk of material misstatement	Planned audit response	Outcome of audit work
	<ul style="list-style-type: none"> <li>• Assess the adequacy of controls in place for identifying and disclosing related party relationships and transactions in the financial statements.</li> <li>• Assess changes to the methods and underlying assumptions used to prepare accounting estimates and assess these for evidence of management bias.</li> </ul>	<ul style="list-style-type: none"> <li>• The controls in place for identifying and disclosing related party relationships and transactions were adequate.</li> <li>• No significant issues were identified with changes to methods and underlying assumptions used to prepare accounting estimates and there was no evidence of management bias.</li> </ul> <p><b>Conclusion:</b> no evidence of fraud caused by management override of controls.</p>

Source: Audit Scotland

**34.** As part of our risk assessment, we also identified the following as risks of material misstatement, as detailed in our Annual Audit Plan.

- **Recognition of income:** Prior year audit testing identified errors in the recognition of income. We increased our testing of income with a focus on cut-off testing and target testing of prepayments and accrued income, and no errors were identified over our reporting threshold. We also confirmed that management conducted a review of income as part of closedown procedures.
- **Valuation of land and buildings:** A desktop review of valuations was carried out for 2024/25, consistent with the accounting policies. The sensitivity of estimates to changes in key assumptions presents an inherent risk in this area. We reviewed management's indexation process and confirmed that land and buildings values in the accounts are free from misstatement.

## Prior year recommendations

**35.** RBGE has made reasonable progress in implementing the agreed prior year audit recommendations. For actions not yet implemented, revised responses and timescales have been agreed with RBGE and are outlined in [Appendix 1](#).

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# Wider scope and Best Value audit

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## Conclusion

RBGE has effective and appropriate arrangements in place for Financial Management.

There are opportunities for RBGE to strengthen its approach to financial planning. RBGE is developing an integrated income strategy which is positive progress. Once finalised and incorporated into a formal medium-term financial plan, this will enhance financial resilience and strategic planning.

Overall costs for the Edinburgh Biomes Programme continue to increase and an updated draft business case has been submitted to the Scottish Government that presents two options which are significantly more than originally planned in 2021.

RBGE has clear plans in place to implement its vision, strategy and priorities.

Trustees approved a contract for Energy Centre works outside of established governance arrangements due to exceptional circumstances.

Documentation for an exit package paid in year did not follow Scottish Public Finance Manual guidance.

Performance management arrangements remain effective.

RBGE has effective and appropriate arrangements in place for securing Best Value.

## Audit approach to wider scope and Best Value

### Wider scope

**36.** As reported in the Annual Audit Plan, the wider scope audit areas are:

- Financial Management

- Financial Sustainability
- Vision, Leadership and Governance
- Use of Resources to Improve Outcomes.

**37.** Audit work is performed on these four areas and a conclusion on the effectiveness and appropriateness of arrangements RBGE has in place for each of these is reported in this chapter.

## Duty of Best Value

**38.** The [Scottish Public Finance Manual](#) (SPFM) explains that Accountable Officers have a specific responsibility to ensure that arrangements have been made to secure Best Value. [Best Value in public services: guidance for Accountable Officers](#) is issued by Scottish Ministers and sets out their duty to ensure that arrangements are in place to secure Best Value in public services.

**39.** Consideration of the arrangements RBGE has in place to secure Best Value has been carried out alongside the wider scope audit.

## Conclusions on wider scope audit

### Financial Management

**40.** The audit work performed on the arrangements RBGE has in place for securing sound financial management found that these were effective and appropriate. This judgement is evidenced by RBGE:

- having a system of internal control in place that is operating effectively and has no significant weaknesses or deficiencies.
- having clear and up-to-date policies and procedures, in place that ensure effective financial management.
- having clear and up-to-date policies in place for preventing and detecting fraud and other irregularities, and participation in fraud prevention and detection activities such as the National Fraud Initiative (NFI).
- having suitably qualified and experienced staff leading the finance function, which has sufficient skills, capacity, and capability to effectively fulfil its role.
- having effective arrangements in place for the scrutiny of arrangements that support sound financial management, and effective scrutiny and challenge provided by the Audit Committee.

### RBGE operated within its revised budget in 2024/25

**41.** The main financial objective for RBGE is to ensure that the financial outturn for the year is within the budget allocated by Scottish Ministers. As



a charitable Non-Departmental Public Body, RBGE is primarily funded by the Scottish Government by way of grant-in-aid.

**42.** For 2024/25, RBGE was allocated £28.7 million (£31.3 million in 2023/24) from the Scottish Government. This comprised a revenue budget of £11.7 million (£11.5 million in 2023/24) and a capital budget of £17.0 million (£19.8 million in 2023/24).

**43.** This was supplemented by other income of £14.5 million (£11.5 million in 2023/24) from donations, charitable activities and other trading activities including gains on investment.

**44.** In 2024/25, RBGE's unrestricted expenditure exceeded unrestricted income resulting in a net deficit of £0.145 million and a closing balance on unrestricted reserves of £0.036 million. Unrestricted reserves represent accumulated surpluses on unrestricted income over unrestricted expenditure, commonly referred to as General Funds.

**45.** The group position reports that while the overall movement on funds was positive (£19.131 million), this was primarily driven by increases in restricted and capital-related funds. The unrestricted funds, which reflect core operational activity, decreased by £0.795 million. This was due to reduced trading income in the Botany Trading Company and a slight reduction in unrestricted Grant-in-Aid from the Scottish Government. Expenditure from the General Fund exceeded income, indicating that the organisation's core activities were not fully funded within the available unrestricted resources.

**46.** RBGE's financial performance against fiscal resources is shown in [Exhibit 6](#).

## Exhibit 6

### Performance against fiscal resource in 2024/25

Performance	Income £m	Expenditure £m	Gain/(loss) on investments £m	Net income/ (expenditure) £m
Unrestricted	17.069	17.214		(0.145)
Restricted	26.074	7.258		18.816
Endowment	0.038	0.010	0.013	0.041
<b>Total</b>	<b>43.181</b>	<b>24.482</b>	<b>0.013</b>	<b>18.712</b>

Source: RBGE Statement of Financial Activities

**47.** The financial statements show that RBGE has net assets of £112.7 million at 31 March 2025, an increase of £19.8 million from the previous year. This is mainly attributable to an increase in assets under construction of £10.2 million.

### **RBGE continues to strengthen its IT environment, but further work is needed to build capacity**

**48.** Audit work on the general IT environment considered RBGE's arrangements for: strategy and staffing, network structure and security, cyber security, Business Continuity Plans and Disaster Recovery Plans and system development and acquisition.

**49.** We recognise the efforts RBGE has invested in IT during 2024/25. Management has addressed several long-standing internal audit recommendations on the continuity and security of IT operations. Notably, a Disaster Recovery Plan has now been developed. The pace of implementing these recommendations has been slow due to barriers such as capital investment and the under resourcing of the digital and procurement teams.

**50.** However, while these developments are encouraging, further work is required. For example, management has developed a Digital Services Register which formalises the asset owner for each software program, recovery time objective and recovery point objectives. However, more work is needed in relation to reviewing assurances received from external suppliers. We note that cross-organisational efforts are currently underway to complete the collection of information regarding external suppliers' business continuity planning arrangements.

**51.** A new Head of Digital and Technology Services has recently taken up post and there has been some restructuring of the digital services department. RBGE plans to partner with an external organisation to provide a self-assessment to help evaluate digital skills and capability of the team.

**52.** Currently, one out of six posts are vacant in the department. Until the self-assessment of skills and capabilities in the team is completed, there is a risk that deficiencies in IT capacity or skills could lead to issues for IT applications and the IT infrastructure as a whole.

**53.** Last year, we reported that RBGE had an action plan to monitor the implementation of 280 actions arising from penetration testing. The [Scottish Public Sector Cyber Resilience Framework](#) recommends regular penetration testing. RBGE last conducted penetration testing in February 2024 with plans for it to resume next year.

## Financial Sustainability

### A deficit of £0.230 million for 2025/26 is projected

**54.** The Board considered the 2025/26 budget at its meeting in March 2025. The budget was set to meet an unrestricted expenditure requirement of £17.7 million from the following income sources:

- core Grant in Aid of £12.7 million
- other income of £5.0 million.

**55.** The budget projected a deficit of £0.100 million for 2025/26, which exceeds the unrestricted reserves currently held by RBGE. A late reduction in grant in aid resulted in an increase in the budgeted deficit to £0.230 million.

**56.** Audit Scotland's [Fiscal sustainability and reform in Scotland](#) report published in November 2024 highlights that the Scottish Government continues to face significant fiscal challenges. The Scottish Government's gap between projected funding and expenditure is growing and forecast to reach £1.9 billion by 2027/28 if no corrective action is taken. Although steps have been taken to balance the budgets in the short-term, there remains a lack of detailed, long-term reform plans to achieve fiscal sustainability.

**57.** The challenging fiscal environment creates uncertainty for all public bodies, including RBGE, which must continue to deliver its objectives with increasingly constrained financial resources.

**58.** The Scottish Government announced its [Public Service Reform Strategy](#) in June 2025. This aims to support organisational change through three key priorities: prevention, joined-up services, and efficiency.

### There are opportunities for RBGE to strengthen financial planning

**59.** RBGE continues to operate within its available resources and has demonstrated financial resilience in the short term. However, the organisation is currently projecting a deficit in its financial forecast, and further savings and income opportunities will be required to maintain financial sustainability over the medium-term.

**60.** An integrated income strategy to 2034 has been developed by RBGE which is positive progress. This strategy demonstrates an increase from 20% to 50% of visitor and commercial income.

**61.** RBGE currently has a five-year financial forecast in place which is updated with revised assumptions. Once the integrated income strategy is finalised and incorporated into a formal medium-term financial plan, this will enhance financial resilience and strategic planning.

**62.** The absence of a formal medium-term financial plan may limit RBGE's ability to make informed strategic decisions, respond to financial risks, and demonstrate financial sustainability. Without structured planning and trustee oversight, there is a risk that financial resources may not be optimally aligned with organisational priorities or emerging challenges.

**63.** Despite these gaps, the organisation has shown resilience and adaptability in managing its finances to date. Financial planning could be strengthened through formal approval of a medium-term financial plan, with oversight from trustees.

## Recommendation 2

Approval of a medium-term financial plan.

RBGE should strengthen its approach to financial planning through formalising a medium-term financial plan. The medium-term financial plan should be aligned to strategic objectives and have oversight from trustees.

**Overall costs for the Edinburgh Biomes Programme continue to increase and an updated draft business case has been submitted to the Scottish Government that presents two options which are significantly more than originally planned in 2021**

**64.** The Edinburgh Biomes programme is an infrastructure project to restore the public and research Glasshouses, which are over 200 years old. This aims to ensure that the Glasshouses continue to provide a safe environment for Scotland's national plant collection. The Edinburgh Biomes will also include new facilities including an efficient, cost-effective energy centre, designed to significantly reduce RBGE's carbon emissions, and a new plant health hub.

**65.** RBGE incurred capital expenditure of £19.3 million in 2024/25 (£14.3 million in 2023/24), fully utilising the capital budget allocation from Scottish Government of £17 million. The most significant expenditure in the year was the Edinburgh Biomes Programme, with work continuing on the construction of the energy infrastructure work and the renovation of the Victorian Palm House.

**66.** RBGE has been allocated a capital budget of £15.4 million for 2025/26, with £13.2 million for the Edinburgh Biomes Programme. Due to slippage in year, Scottish Government has permitted £3.1 million to be carried forward to 2026/27.

**67.** RBGE has received confirmation from Scottish Government of the 2026/27 capital allocation to complete the construction of the Energy Centre. A total of £15.5 million is to be allocated, which includes the £3.1 million to be reprofiled from 2025/26. However, reliance on reprofiled funds introduces a risk of further deferral.

**68.** The cost movement in the Edinburgh Biomes programme is set out below in [Exhibit 7](#).

## Exhibit 7

### Cost movement in Edinburgh Biomes project

Budget heading	Cost £m	Cost £m
External costs (December 2020 Baseline)	£89.9	
Overspend	£32.5	
<b>External costs (sub-total)</b>		<b>£122.4</b>
RBGE internal costs (staff, furniture, fixtures & equipment, and visitor experience costs)		£13.4
Inflation prediction		£8.8
<b>Total costs</b>		<b>£144.6</b>

Source: RBGE Edinburgh Biomes Programme Board October 2025

**69.** The largest cost movement is the Victorian Palm House refurbishment works. The original budget of £6.9 million had no specific contingency for risk, inflation or optimism bias and estimated to have increased to £21.3 million. Key drivers include £2.6 million for replacement roof and glazing, and an increase of £5.5 million for the ironwork restoration package. Cost increases driven by inflation, supply-chain disruption and programme delays has also contributed to these cost movements. To address changes in programme costs, RBGE has raised £10.6 million in philanthropic donations to add to the funding from the Scottish Government.

**70.** The original budget for the Energy Centre was set in December 2020 and assumed that the project would be carried out concurrently with other Section 1 works, namely the Infrastructure Works and Plant Health Suite, allowing a sharing of preliminary costs across three projects. The splitting of the projects into sub-sections and inflation since 2020 has had a significant impact on the Energy Centre costs which have increased by £11.7 million.

**71.** Overall, changes in scope, extended timelines, material cost increases and inflation have resulted in a significant forecast overspend. The annual nature of Scottish Government funding presents a further challenge to programme delivery.

**72.** An augmented draft business case was submitted to the Scottish Government on 18 November 2025. The business case outlines two options for Phase 2 of the Biomes Programme which encompasses the Plant Health Suite and Visitor and Learning Facility and Experience.

## Exhibit 8

### Augmented business case options

Project	Option 1: Core Option	Option 2: Minimum Viable Product
Plant Health Suite	State-of-the-art plant health suite integrated with the nursery site.	Scaled down modular plant health suite and restoration of existing facilities.
Visitor and Learning Facility and Experience	900sqm Glasshouse 0 with conference and meeting room facilities.	New visitor entrance facility and updated visitor journey to provide access to Glasshouse 1.
Timescale	2026/27 – 2037/38	2026/27 – 2034/35
Cost	£243 million	£180 million

Source: RBGE

**73.** The key assumptions applied in the cost estimates for the Augmented Business Case are more robust than those in the Original Business Case. Detailed quarterly cashflows are also included for both options.

**74.** The original business case did not include allowances for optimism bias, and it stated a monetary estimate for inflation to 2028/29. A minimal risk allowance/contingency was included for the programme as a whole.

**75.** The Augmented Business Case includes an optimism bias in line with the Supplementary Green Book Guidance issued by HM Treasury, allowances for outturn inflation applied to the tender and construction periods based on dates in the projected programme, and separate contingencies for construction risk and client risk for each element of the programme.

**76.** While the Augmented Business Case incorporates improved assumptions, the magnitude of the variance indicates that original planning processes did not adequately account for complexity, risk, or market conditions. Lessons from the original business case have informed a more robust approach, giving greater confidence in successful delivery while recognising the need for ongoing careful management.

**77.** We will continue to monitor the delivery of the Edinburgh Biomes programme and report our findings.

## Vision, Leadership and Governance

**78.** The audit work performed on the arrangements RBGE has in place around its Vision, Leadership and Governance found that these were effective and appropriate, apart from the deviation from governance

arrangements for approval for significant contractual commitments for works on the Biomes programme (see paragraph 79). This judgement is evidenced by:

- The RBGE Strategy 2021-26, Responding to the Biodiversity Crisis and Climate Emergency, was developed together with its longer-term Science and Biodiversity Strategy 2021-2030. These strategies, together with its Operational Delivery Plan 2024/25 ensure alignment with the Scottish Government's updated Programme for Government.
- Having clear financial and performance reporting in place, and effective scrutiny and challenge of performance provided by the Board.
- Having effective governance arrangements in place in general, as reflected in the Governance Statement included in the annual report and accounts. RBGE has a Board of Trustees in place which is underpinned by clear roles and responsibilities for trustees and management. The Board is supported by the Science Advisory Committee, the Audit Committee, the Remuneration Committee and the Biomes Oversight Committee.

### **Trustees approved a contract for Energy Centre works outside of established governance arrangements due to exceptional circumstances**

**79.** RBGE initiated procurement for the Energy Centre works, part of the Edinburgh Biomes programme, receiving a tender from a contractor in May 2025 for both commencement and main works. The intention was to award the contract in full; however, with funding secured for the commencement works only, this was dependent on securing Scottish Government capital funding for the main works for the 2026/27 financial year.

**80.** Despite submitting and resubmitting funding requests, confirmation was still outstanding by late August 2025. To avoid missing a critical contract deadline, the Regius Keeper sought Board approval by email for approval of commencement works and conditional authorisation for main works.

**81.** This was outside the normal meeting cycle and without scrutiny from the Edinburgh Biomes Oversight Committee. The trustees approved the request, and commencement works began on 2 September 2025, with funding for main works confirmed on 3 November 2025.

**82.** This meant that RBGE had committed to commencement works prior to formal confirmation of capital funding for the main works for 2026/27. Although only conditional approval for main works was sought, this approach could have exposed the organisation to operational and



reputational risk should funding not have been secured. However, the risk was mitigated with funding subsequently secured.

**83.** The reliance on email-based approvals for material decisions does not demonstrate good governance. While the circumstances surrounding this decision were exceptional and driven by a critical deadline, it is essential that governance arrangements are maintained. Maintaining robust governance processes is fundamental to ensuring accountability and transparency.

### Recommendation 3

#### Maintaining robust governance arrangements

RBGE should ensure that it complies with its established governance arrangements at all times to ensure all decisions are subject to appropriate scrutiny.

### Documentation for an exit package paid in year did not follow Scottish Public Finance Manual guidance

**84.** The Remuneration and Staff Report disclose two exit packages paid in 2024/25. Audit work on one of these exit packages found that proper documentation had not been used to support the rationale for the payment.

**85.** An exit package of £30k was paid which included an amount for payment in lieu of notice and a settlement agreement. This was paid following liaison with Scottish Government and subsequent approval from the Accountable Officer.

**86.** The Scottish Government raised a number of queries on the use of a settlement agreement and notified RBGE that the correct documentation had not been used. RBGE did not action the request to use the correct documentation, and there was no evidence retained to resolve the queries raised.

**87.** The Scottish Public Finance Manual is clear that it is the Accountable Officer that makes the final decision on whether to proceed with the settlement agreement. Evidence of the Accountable Officer's approval was retained as evidence.

### Recommendation 4

#### Compliance with SPFM requirements for exit packages



RBGE should ensure that all exit packages, including those involving settlement agreements, are fully supported by appropriate documentation in line with the Scottish Public Finance Manual (SPFM).

## **RBGE remains open to feedback on how to improve its performance analysis in the Trustees' Report**

**88.** We previously highlighted areas within the performance analysis section of the Trustees' Report that lacked balance and could benefit from improved presentation. This was aimed at ensuring a fair reflection of both achievements and areas where performance targets were not met.

**89.** It is encouraging to note that progress has been made, including reporting the mitigating actions alongside the key concerns for each of its strategic priorities. Management remains open to feedback and continues to make steady improvements each year.

## **Use of Resources to Improve Outcomes**

**90.** The audit work performed on the arrangements RBGE has in place around its Use of Resources to Improve Outcomes found that these were effective and appropriate. This judgement is evidenced by:

- RBGE's performance information is presented to the Board of Trustees through a Key Results Dashboard which allows qualitative and quantitative measures to be presented which can be used to inform decision making.
- The dashboard helps demonstrate improvements in performance against benchmarks and relative to other comparable organisations.
- Being able to demonstrate a clear link between the use of resources and delivery of its strategic priorities.

## **RBGE has appropriate arrangements in place for securing Best Value**

**91.** The audit work performed on the arrangements RBGE has in place for securing Best Value found these were effective and appropriate. This judgement is evidenced by:

- RBGE having well established and effective governance arrangements in place, with Best Value being a key aspect of the governance arrangements.
- The arrangements RBGE has in place around the four wider scope audit areas, which are effective and appropriate, contribute to it being able to secure Best Value.
- RBGE is a key contributor to Scotland's response to climate change and is guided by the *Environment Strategy for Scotland*.

Responding to the climate emergency is integral to RBGE's vision and long-term strategy.

# Appendix 1

## Action plan 2024/25

### 2024/25 recommendations

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
<p>1. Arrangements to support the Governance Statement</p> <p>We requested copies of these certificates at the start of our audit fieldwork but were received only following sign off by directors, late in the audit process. The Scottish Public Finance Manual (SPFM) requires assurances to be commissioned towards the end of the financial year to allow timely completion and meet the accounts timetable.</p> <p>There is a risk that internal control weaknesses are omitted from the governance statement</p>	<p>RBGE should review the arrangements in place to support the preparation of its Governance Statement to ensure compliance with the requirements of the SPFM going forward.</p>	<p>Accepted</p> <p>Signing of the annual assurance document by directors has been completed closer to the signing of the accounts over the last few years. However, we will complete the process in April next year.</p> <p>Responsible officer – Head of Finance, Corporate Governance &amp; Risk</p> <p>Agreed date – 30 April 2026</p>
<p>2. Approval of a medium-term financial plan</p> <p>RBGE has a five-year financial forecast in place which is updated with revised assumptions. However, the absence of a formally approved medium-term financial plan limits the robustness of financial planning.</p> <p>Financial planning could be strengthened through formal approval of a medium-term financial plan, with oversight from trustees.</p>	<p>RBGE should strengthen its approach to financial planning through formalising a medium-term financial plan. The medium-term financial plan should be aligned to strategic objectives and have oversight from trustees.</p>	<p>Accepted</p> <p>Further work on the integrated income strategy for RBGE to 2034 is being developed following approval in principle from the Board of Trustees, and RBGE's sponsor department at SG. This, along with an update on likely future core and capital GIA awards, over a multi-year period, will be incorporated into the medium-term financial plans which will be presented to the Trustees.</p> <p>Responsible officer - Director of Resources &amp; Planning.</p>

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
<p>There is a risk that RBGE may not adequately demonstrate financial sustainability or alignment with strategic objectives. This could lead to ineffective resource allocation and delayed response to funding or cost pressures.</p>		<p>Agreed date – 30 September 2026</p>
<p>3. Maintaining robust governance arrangements</p> <p>Despite submitting and resubmitting funding requests, confirmation was still outstanding by late August 2025. The Regius Keeper sought Board approval by email for approval of commencement works and conditional authorisation for main works.</p> <p>This was outside the normal meeting cycle and without scrutiny from the Edinburgh Biomes Oversight Committee. The trustees approved the request, and commencement works began on 2 September 2025, with funding for main works confirmed on 3 November 2025.</p> <p>There is a risk that RBGE is exposed to undue operational and reputational risk.</p>	<p>RBGE should ensure that it complies with its established governance arrangements at all times to ensure all decisions are subject to appropriate scrutiny.</p>	<p>Accepted</p> <p>RBGE will ensure that all future decisions are subject to the appropriate scrutiny, in line with governance arrangements.</p> <p>Responsible officer – Director of Resources &amp; Planning</p> <p>Agreed date – 31 October 2025</p>
<p>4. Compliance with SPFM requirements for exit packages</p> <p>Audit work identified that one exit package paid in 2024/25 was not supported by the correct documentation, despite queries from the Scottish Government. While approval from the</p>	<p>RBGE should ensure that all exit packages, including those involving settlement agreements, are fully supported by appropriate documentation in line with the Scottish Public Finance Manual (SPFM).</p>	<p>Accepted</p> <p>RBGE accepts that in the case in question an old version of the documentation was used to provide the business case for SG consideration, though not that this leads to inadequate governance and accountability over public</p>

Matter giving rise to recommendation	Recommendation	Agreed action, officer and timing
<p>Accountable Officer was retained, management did not address documentation issues or resolve the queries raised.</p> <p>There is a risk of non-compliance with the Scottish Public Finance Manual (SPFM), leading to inadequate governance and accountability over public funds.</p>		<p>funds. Use of the up to date documentation has already subsequently been corrected for future exit package business cases.</p> <p>Responsible Officer – Head of People &amp; Organisational Development</p> <p>Agreed date – 31 October 2025</p>

## Follow-up of prior year recommendations

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p>1. Timing of income recognition</p> <p>The audit team identified 10 income transactions which were accounted for in the wrong year which led to significant additional testing.</p> <p>Risk – There is a risk that income is misstated in the accounts.</p>	<p>As part of year-end closedown procedures, RBGE should perform an exercise to assess whether all earned income has been fully recognised, and whether income accounted for meets the income recognition criteria per its accounting policy and IFRS 15.</p> <p>Agreed action: Most of the issues related to the treatment of restricted funding income and education income from previous years. Additional checks in all income areas will be carried out post next year end.</p> <p>Responsible officer: Head of Finance, Corporate Governance &amp; Risk</p> <p>Agreed date: 31 May 2025</p>	<b>Implemented</b>
<p>2. Development of IT arrangements</p>	<p>RBGE should formalise a clear action plan which captures all IT projects and their progress. This should</p>	<p><b>Work in progress</b></p> <p>Monitoring of progress of the 280 actions should be</p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p>Alongside actioning internal audit recommendations, management have 280 actions to implement as a result of the penetrating testing completed earlier this year. This is against the backdrop of digital transformation and ensuring business as usual activities continue. RBGE should consider its plans for managing all of this activity whilst ensuring the resources and expertise needed are in place to ensure delivery.</p> <p>Risk – There will be further delays to making improvements to the digital and cyber security environment if RBGE does not have sufficient arrangements in place to address key risks.</p>	<p>include formalising arrangements for obtaining and reviewing assurances from external suppliers.</p> <p>Agreed action: RBGE has a clear plan to implement the actions from the testing. There is also a plan for all the systems that will be upgraded as part of the digital transformation project. The timing of these upgrades is dependent on the digital solutions that are selected.</p> <p>Responsible officer: Head of Estates &amp; Technology</p> <p>Agreed date: 31 March 2025</p>	<p>captured within the action plan.</p> <p>Penetration testing was last completed in February 2024.</p>
<p>3. WGA return</p> <p>Auditors are required to partially complete the WGA Assurance Statement and submit it to the NAO. We have been unable to complete this work as RBGE have not submitted the WGA return since 2021/22, due to WGA system issues.</p> <p>Risk – There is a risk that RBGE does not support the preparation of the Whole of Government Accounts.</p>	<p>Management should ensure it has the required processes in place to submit its Whole of Government Accounts Return.</p> <p>Agreed action: The WGA return for 2023/24 has now been submitted.</p> <p>Responsible officer: Head of Finance, Corporate Governance &amp; Risk</p> <p>Agreed date: N/A – implemented</p>	<p><b>Implemented</b></p>
<p>4. Performance reporting in the Trustees' Report</p> <p>Our audit work found that the Trustees' Report included significant detail on RBGE's performance, however the</p>	<p>RBGE should further develop its performance reporting in the Trustees' Report to ensure it provides the reader with a clear understanding of how it performed.</p>	<p><b>Implemented</b></p>

Matter giving rise to recommendation	Recommendation, agreed action, officer and timing	Update
<p>level of detail and the length of the report means that it is not easy to establish whether the performance reported is good or bad and what the key points are.</p> <p>Risk – There is a risk that the reader of the accounts cannot determine RBGE’s true performance overall.</p>	<p>Agreed action: Additional information on the challenges facing each department has been included. RBGE will continue to strive to improve the Trustees’ Report to enable users to obtain a clear impression of how it’s performing.</p> <p>Responsible officer: Director of Resource &amp; Planning</p> <p>Revised date: 30 September 2025</p>	
<p>5. Business Continuity Planning</p> <p>ICT business continuity planning documents have not been subject to update in recent years and do not detail the arrangements that need to be followed in the event of different scenarios.</p> <p>Furthermore, ICT disaster recovery arrangements have not been tested for a number of years. No progress has been made to address the 2018/19 recommendation.</p> <p>Risk – ICT systems may not be recovered as fully or quickly as intended in the event of a disaster situation.</p>	<p>RBGE should review its Business Continuity Plan and update this based on its experience of responding to the Covid-19 pandemic.</p> <p>Agreed action: RBGE’s Major Incident Response Plan and Cyber Incident Response are currently being updated.</p> <p>IT disaster recovery has to be revised following the data centre capital investment in 2023/24.</p> <p>Responsible officer: Head of Estates &amp; Technology</p> <p>Revised date: 31 March 2024</p>	<p><b>Work in progress</b></p> <p>Audit work confirmed that Business continuity (including disaster recovery) plans have updated. These documents should be finalised to allow testing.</p> <p>Details of revised action – The documents will be signed off by Executive Team. Both response plans will be tested to ensure that recovery systems work as expected.</p> <p>Responsible Officer – Head of Digital &amp; Technology Services</p> <p>Agreed date – 30 June 2026</p>

# Appendix 2

## Supporting national and performance audit reports

Report name	Date published
<a href="#">Local government budgets 2024/25</a>	15 May 2024
<a href="#">Scotland's colleges 2024</a>	19 September 2024
<a href="#">Integration Joint Boards: Finance and performance 2024</a>	25 July 2024
<a href="#">The National Fraud Initiative in Scotland 2024</a>	15 August 2024
<a href="#">Transformation in councils</a>	1 October 2024
<a href="#">Alcohol and drug services</a>	31 October 2024
<a href="#">Fiscal sustainability and reform in Scotland</a>	21 November 2024
<a href="#">Public service reform in Scotland: how do we turn rhetoric into reality?</a>	26 November 2024
<a href="#">NHS in Scotland 2024: Finance and performance</a>	3 December 2024
<a href="#">Auditing climate change</a>	7 January 2025
<a href="#">Local government in Scotland: Financial bulletin 2023/24</a>	28 January 2025
<a href="#">Transparency, transformation and the sustainability of council services</a>	28 January 2025
<a href="#">Sustainable transport</a>	30 January 2025
<a href="#">A review of Housing Benefit overpayments 2018/19 to 2021/22: A thematic study</a>	20 February 2025
<a href="#">Additional support for learning</a>	27 February 2025
<a href="#">Integration Joint Boards: Finance bulletin 2023/24</a>	6 March 2025
<a href="#">Integration Joint Boards finances continue to be precarious</a>	6 March 2025
<a href="#">General practise: Progress since the 2018 General Medical Services contract</a>	27 March 2025
<a href="#">Council Tax rises in Scotland</a>	28 March 2025



# Royal Botanic Garden Edinburgh

## 2024/25 Annual Audit Report



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