

ALBA | CHRUTHACHAIL

Creative Scotland

Group Annual Report and Accounts

For the year ended 31 March 2022

SG/2022/256

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Performance Report

Joint Report by the Chair and the Chief Executive

The year from April 2021 to March 2022 continued to be extremely challenging for the people and organisations that we support, and for society as a whole in Scotland, as the Covid-19 pandemic continued to impact all our lives in many different ways, economically, socially and in terms of health and wellbeing. Different waves of Covid-19 through 2021 and into 2022 continued to impact the culture and creative sector, necessitating the extension of public health restrictions that, in turn delayed the re-opening of performance spaces, narrowed the scope and scale of cultural programming, and deeply affected income and employment across the sector.

This also had a significant impact on audiences and on cultural participation, something that has continued through 2022 despite Covid-19 receding. As a result, Creative Scotland's priority focus through the financial year 2021/22 was continuing to support Scotland's culture and creative sector address the impacts of Covid-19, as much as we possibly could.

The Scottish Government provided significant levels of emergency funding support to Creative Scotland for the sector in 2021/22. This support was vital in helping people and organisations working in culture to survive through this period and Creative Scotland fully recognises the value of this emergency funding. The total funding awarded was £69.2 million across over 6,500 awards to people and organisations in Scotland's culture and creative sectors.

The total of emergency funding administered by Creative Scotland from the onset of the Covid-19 pandemic in March 2020, through to April 2022, now totals £150 million, delivered in 18,000 separate awards. It is safe to say that the emergency funding provided by the Scottish Government and the National Lottery to help the sector address the impact of the Covid-19 pandemic was both essential and hugely welcome. It was, for many individuals and organisations, a lifeline which has enabled them to remain solvent through the pandemic and to believe in the potential for future recovery and renewal.

For 2021/22, this significant level of emergency funding sat alongside over 1,400 funding awards made through our existing funding programmes totalling £84.5 million in value. A detailed breakdown of our funding is shown on page 8. This includes the continued provision of Regular Funding to 121 organisations; the continued availability of Open Funding for Individuals and Organisations; and broad support for different aspects of creative and cultural provision through Targeted Funding support for Scotland's screen sector and the Youth Arts and the Youth Music Initiative.

Due to the significant amounts of emergency funds administered again in 2021/22, this is far in excess of the normal level of support that we deliver each year (typically around 1,400 funding awards) and, once again this year, the staff of Creative Scotland have worked with enormous levels of dedication and resilience to deliver this emergency funding quickly and efficiently in the most challenging of circumstances. We cannot overstate our thanks and appreciation to the staff for all they have done in this period.

Looking forward, however, the budget situation for both Creative Scotland and for the culture and creative sector in Scotland is far from certain. There is continued and growing pressure on public finances; the cost-of-living crisis (which is impacting cultural organisations as much as individuals); rising inflation affecting operating costs; and global uncertainties which mean that long term financial planning, and the planning of future cultural activity and programming, is extremely challenging.

Nevertheless, as set out in our Annual Plan for 2022/23, we continue to support the sector in its fragile recovery from the impacts of the pandemic and in its ability to face current and future challenges.

This includes, among many strands of work, our efforts to develop a refreshed Funding Framework, including a new approach to Multi-Year Funding and Open Funding for Organisations; ongoing support for artists and creative practitioners; continued focus on increasing participation in, and appreciation of the value of art and creativity (as exemplified the 'Our Creative Voice' initiative, launched in September 2021); an ongoing commitment to helping the sector adapt to, and mitigate the impacts of, the climate emergency (as set out in our Climate Emergency and Sustainability Plan published in March 2022); our commitment to Fair Work, promoting fair pay, conditions, and employment opportunities across the sector (with our Fair Work Review published in September 2022); work to develop our next Gaelic Language Plan for 2022-27, the final draft of which has been submitted to Bòrd na Gàidhlig for approval in October 2022); continuing our support for international collaboration and artistic exchange, including promoting Scotland's cultural strength at home and internationally as a partner in Scotland is Now/Brand Scotland campaigns.

As we said in our recent submission to the Culture Committee at the Scottish Parliament, we are at a pivotal moment in terms of how we fund culture and creativity in Scotland. The Scottish Government stepped forward during the Covid-19 pandemic with significant emergency investment which helped people and organisations working in culture to navigate these unprecedented circumstances. Now, the culture and creative sector in Scotland faces a far from certain future where it seems that funding support is likely to contract significantly, just at the point where we are emerging from the challenges of the pandemic with optimism, ambition and the drive to renew our collective cultural offering both at home and internationally.

We would hope that everyone recognises the value that creativity delivers for the people of Scotland in terms of its culture, wellbeing, equality, economy and global standing.

Performance Overview

Structure, Governance and Management

Creative Scotland was founded on 1 July 2010 under the Public Services Reform (Scotland) Act 2010 and is the public body that supports the arts, screen and creative industries across all parts of Scotland on behalf of everyone who lives, works or visits here. It enables people and organisations to work in and experience the arts and creative sectors in Scotland by helping others to create culture through developing great ideas and bringing them to life. Creative Scotland's role as a development agency is to be an intelligent funder of the arts, screen and creative industries, to be a national and international advocate on their behalf and to positively influence attitudes, behaviours and policies.

Funding is received from both the Scottish Government and the National Lottery. A separate National Lottery Distribution Fund Annual Report and Accounts is produced for the activities undertaken as a Lottery Distributor under the National Lottery etc. Act 1993. A summary of the consolidated financial position of Creative Scotland is included at page 7.

Strategic priorities

In 2021 Creative Scotland established a refreshed Strategic Framework. This Framework is aligned to Creative Scotland's formal remit and legislative duties, setting out our broader aims as well as priorities for supporting future recovery and renewal of the arts, screen and creative industries across Scotland.

Creative Scotland's Objectives:

- People and organisations working in art and creativity are supported to make work of quality and ambition that enriches life in Scotland for everyone.
- More people from all parts of society access, participate in and value a range of artistic and creative activities.
- Art and creativity are recognised by people at home and abroad as a central part of the nation.

This will be done by Creative Scotland:

- Ensuring that the funding distributed from Scottish Government and the National Lottery delivers the widest possible public benefit across Scotland.
- Advocating for the arts and creativity, promoting policy and practice that enhance their growth.
- Using Creative Scotland's skills, knowledge, and expertise to enable creative development.

Creative Scotland will prioritise:

- Equalities, Diversity and Inclusion: Supporting a diverse range of creative people, communities, and activity, promoting an equality of opportunity to create, participate and engage.
- Sustainable Development: Helping tackle the climate emergency and supporting the growth of sustainable creative businesses across Scotland.
- Fair Work: Promoting fair pay, conditions, and employment opportunities across the creative sector.
- International: Developing innovative and sustainable ways of strengthening international collaboration and promoting artistic and cultural exchange

Going concern

At 31 March 2022, Creative Scotland had net assets of £3 million (2021: £1.4 million). As Creative Scotland continues to receive grant-in-aid funding from the Scottish Government, the Accountable Officer believes it is appropriate to continue to prepare the accounts on a going concern basis as set out in the accounting policies (1.3).

Risk management

The Risk Register is reviewed regularly at senior management meetings, with additional substantive periodic reviews also undertaken during the year. The register is also a standing item at each Audit and Risk Committee meeting, and the register is also presented annually in full to the Board.

The five main risks identified for Creative Scotland as at 31 March 2022 are:

Risk identified	Mitigation of risk
<p>Funding</p> <p>Available funding from grant-in-aid, the National Lottery and other sources reduces. This results in less funding for the arts, screen and creative industries which adversely impacts delivery of the Strategic Framework.</p>	<p>Funding is discussed in regular meetings with the Scottish Government and the Chair has met with the Cabinet Secretary.</p> <p>Governance arrangements are in place for budget management and financial reporting to ensure the board and management have access to up-to-date modelling and scenario planning.</p> <p>Promotional campaigning on the importance of funding culture in Scotland</p>
<p>Environment</p> <p>A failure to respond to climate change impacts that do not sufficiently support the sector to respond to the global climate emergency or to mitigate against its impacts.</p>	<p>The development of a report and action plan in the Creative Scotland Climate Emergency and Sustainability Plan, which sets out an action plan to deal with the climate emergency. This has been developed during 2021/22 and was published in April 2022.</p> <p>Environment remains a key theme for regularly funded organisations, and all RFOs have submitted environment plans which are being monitored.</p>
<p>COVID-19 pandemic- sector sustainability and public engagement</p> <p>The potential from cultural business failure as a result of insufficient covid support funds linked with a slow recovery in audiences could reduce the ability for CS to deliver its objectives.</p>	<p>Creative Scotland has distributed a large proportion of funds to cultural organisations for pandemic response, and cultural recovery.</p> <p>Additional changes have been made to ongoing sources of funding to deal with pandemic recovery.</p> <p>Creative Scotland continues to monitor sector impacts and discusses these with the wider cultural sector and the Scottish Government.</p>
<p>Cyber Security</p> <ol style="list-style-type: none"> 1. A successful cyber-attack cannot be prevented 2. Cyber-attack damage is not minimised 3. The organisation cannot recover adequately from a cyber attack 	<p>System controls enhanced to prevent a cyber-attack creating widespread damage</p> <p>Back-up processes enhanced and tested</p> <p>Upgrade and replacement of key systems to ensure they are held on secure platforms with the highest security settings.</p>

Risk identified	Mitigation of risk
	<p>Restrictions of key systems to prevent access from overseas.</p> <p>Business Continuity Plan provides guidelines on operational response.</p>
<p>Future Funding Framework</p> <p>The introduction of the Future Funding Framework does not result in optimal outcomes for the sectors supported.</p>	<p>Financial planning across future years and co-ordination with the Scottish Government's Resource Spending Review, to ascertain the level of funds available to distribute through the revised programmes.</p> <p>Operational plans are in development to ensure sufficient staffing and organisational capacity to deliver the revised funding programmes.</p> <p>A robust methodology has been created to enable effective communication and understanding internally and externally.</p> <p>Internal audit have reviewed the design process for key elements of the Future Funding Framework and reported their findings to the Audit and Risk Committee.</p>

Consolidated report

Creative Scotland prepares separate annual accounts for its grant-in-aid and National Lottery distribution activities as required by the accounts directions issued by the Scottish Ministers. A full set of consolidated accounts is not prepared due to the differing accounting policies that are required to be followed under the two separate accounts directions. However, to give a better understanding of the activities across both funding areas, the following table shows the consolidated financial position of Creative Scotland (CS) and Creative Scotland National Lottery Distribution Fund (CS NLDF) for the year ending 31 March 2022. The position is based on the group financial statements of both CS and the financial statements of CS NLDF and eliminating the intra-group transaction which arises from recharges of the operational costs.

Consolidated Statements of Net Income and Expenditure

	2021/22				2020/21			
	CS ¹ £'000	NLDF ² £'000	Intra ³ £'000	Total £'000	CS ¹ £'000	NLDF ² £'000	Intra ³ £'000	Total £'000
Income								
National Lottery Proceeds	-	(32,223)	-	(32,223)	-	(32,304)	-	(32,304)
Project income from third parties	(1,003)	(388)	-	(1,391)	(1,259)	(1,200)	-	(2,459)
Other income	(3,740)	(98)	3,168	(670)	(2,197)	(351)	1,881	(667)
Sales revenue	(1,581)	-	-	(1,581)	(508)	-	-	(508)
Total income	(6,324)	(32,709)	3,168	(35,865)	(3,964)	(33,855)	1,881	(35,938)
Expenditure								
Net grants issued ⁴	126,657	25,599	-	152,256	138,081	18,679	-	156,760
Project expenses	1,175	361	-	1,536	293	182	-	475
Salaries	6,939	2,209	(2,220)	6,928	6,888	1,216	(1,206)	6,898
Depreciation	121	-	-	121	187	-	-	187
Other operating costs	4,823	1,139	(948)	5,014	4,233	735	(675)	4,293
Pension adjustments	17	-	-	17	21	-	-	21
Total expenditure	139,732	29,308	(3,168)	165,872	149,703	20,812	(1,881)	168,634
Net expenditure/(surplus)	133,408	(3,401)	-	130,007	145,739	(13,043)	-	132,696

Consolidated changes in Taxpayer's Equity

	CS £'000	CS NLDF £'000	Intra £'000	Total £'000
Reserves as at 31 March 2020	(1,273)	(7,616)	-	(8,889)
Changes in taxpayers' equity 2020/21				
Net expenditure/surplus transferred	145,739	(13,043)	-	132,696
Grant-in-aid received from the Scottish Government ⁵	(145,371)	-	-	(145,371)
Actuarial gain on the Strathclyde Pension Fund	(270)	-	-	(270)
Movement in Capital Grant	29	-	-	29
Closing Reserves as at 31 March 2021	(1,146)	(20,659)	-	(21,805)
Changes in taxpayers' equity 2021/22				
Net expenditure/surplus transferred	133,408	(3,401)	-	130,007
Grant-in-aid received from the Scottish Government ⁵	(133,555)	-	-	(133,555)
Actuarial gain on the Strathclyde Pension Fund	(1,489)	-	-	(1,489)
Movement in Capital Grant	30	-	-	30
Closing Reserves as at 31 March 2022	(2,752)	(24,060)	-	(26,812)

1. CS- figures from the Creative Scotland Group Statement of Comprehensive Net Expenditure, consolidating the financial results of Creative Scotland and Shorestage Limited
2. CS NLDF- figures from the Creative Scotland National Lottery Distribution Fund Statement of Comprehensive Net Income
3. Intra- recharges for operating costs and salaries charged from CS to CS NLDF (information on the recharge is shown at Note 2).
4. Net grants issued consolidates the figures for grants issued and de-commitments from prior year awards
5. Under the Government Financial Reporting Manual, grant-in-aid is accounted for as financing rather than income, and as such appears in the Statement of Group Taxpayer's equity

Overall, the consolidated general fund has a balance of £26.8 million, of which £24.1 million relating to the CS NLDF is available for the Board to allocate to future expenditure. The reserves of Creative Scotland are not available for distribution under HM Treasury's budgeting rules for public bodies. Pension assets and liabilities held within Creative Scotland accounts are not attributable to the CS NLDF. This is because the Scottish Government provides budget cover for any pension liabilities that require provisions and for costs incurred under IAS 19, *Retirement Benefits*.

Review of funding

Creative Scotland's funding programmes are categorised into three routes:

1. Regular Funding- funding for the regularly funded organisations (RFOs)
2. Open Funding- the Open Project Funds for organisations and individuals and the Touring Fund
3. Targeted Funding- a large variety of funds that exist to support specific activities and include funds that are provided by the Scottish Government for restricted purposes, Screen Scotland funds and capital programmes.

For both 2020/21 and 2021/22, a large number of COVID emergency funds were in place to support the arts, screen and creative industries during the pandemic.

Funding includes the following items:

1. Distribution of grants under the three funding routes, and the COVID emergency funds
2. Project expenses- other expenses incurred as part of funding programmes, including expenses paid directly to suppliers for goods and services.

Funding is distributed across Creative Scotland and the CS National Lottery Distribution Fund as follows:

	2021/22			2020/21		
	CS £'000	CS NLDF £'000	Total £'000	CS £'000	CS NLDF £'000	TOTAL £'000
Grants						
Regular Funding	30,774	3,100	33,874	33,205	-	33,205
Open Project Funding	4,153	9,660	13,813	4,021	8,616	12,637
Touring Fund	-	2,406	2,406	-	603	603
Targeted Funding	23,234	11,185	34,419	36,066	11,392	47,458
COVID Emergency Funding	69,244	-	69,244	66,224	1,731	67,955
Total grants distributed	127,405	26,351	153,756	139,516	22,342	161,858
Project expenses	1,175	361	1,536	293	182	475
Total funding	128,580	26,712	155,292	139,809	22,524	162,333

The following sections give details of the funding provided during the financial year under the main routes.

A full breakdown of the individual funds under each route for CS funded grants is shown in Note 8 (page 55) and for CS NLDF grants in Note 5 (page 47) of the CS NLDF Annual Report and Accounts.

Regular Funding

Regular Funding seeks to ensure Scotland has a wide range of arts and creative organisations through which artists and creative people can deepen and deliver their work, their engagement with the public, and their professional networks. Regular funding is one of the key means by which the ambitions, priorities and connecting themes highlighted in the [Creative Scotland 10-year plan](#) will be addressed.

The original third year of regular funding for the three-year period from April 2018 to March 2021 was for a total of £101.6 million to 121 organisations across 10 artforms. The contracts were all extended for another year in 2021/22 on the basis of a straight third allocation. During 2021/22, £30.8 million was allocated from grant-in-aid to the portfolio and £3.1 million was allocated from National Lottery funds.

Artform	Number of organisations	Total award (£)
Craft	4	745,194
Creative Industries	4	555,344
Dance	9	1,573,349
Digital	1	90,333
Literature	8	2,322,753
Multi-Art	21	10,145,336
Music	19	3,808,334
Screen	4	2,022,937
Theatre	28	8,482,586
Visual Arts	23	4,128,001
Total	121	33,874,167

The majority of organisations in the network create, produce or present creative work, demonstrating creative excellence, potential and ambition, with significant reach throughout Scotland and across many areas of practice. The portfolio of Regularly Funded Organisations (RFOs) comprises some of Scotland's most important, innovative and exciting cultural and creative organisations, working across craft, dance, literature, music, screen, theatre and visual arts.

The work of organisations in the network reaches across Scotland and, importantly, supports employment, both for artists and in terms of production, presentation and operational roles. Network organisations also, in turn, collaborate with and support the work of other organisations and creative individuals across Scotland, the UK and internationally.

Creative Scotland monitors closely the output of work from the RFO portfolio, and monitors output across our strategic themes:

- Environment
- Creative Learning and Young People
- Equalities and Diversity.

A fifth year of regular funding was approved for the financial year 2022/23 with organisations continuing to receive an average of the total award received for 2018 to 2021 as the outcomes from a funding review into future funding programmes are carried out.

Open Project Funding

Open project funding aims to support the arts, screen and creative industries, with projects that explore, realise and develop creative potential, widen access to their work, and enrich Scotland's reputation as a distinctive creative nation connected to the world. The fund is supported by both grant-in-aid and National Lottery.

A budget of £12 million was provided from National Lottery funds, and an additional £4.2 million was awarded from grant-in-aid during the year, which allowed a re-deployment of National Lottery funds to support the funds in 2022/23.

The open project fund is open to both individuals and organisations based in Scotland for awards up to £150,000 and the fund awards grants in two panel formats as follows:

Category	Applications received	Awards made	Value (£)	Success rate
Individuals	779	414	5,458,113	53%
Organisations	366	214	8,359,816	58%

In total, £13.8 million of funding was awarded to 628 successful applications during 2021/22. Of this, £4.2 million was funded from grant-in-aid and £9.7 million was funded from National Lottery. A breakdown by category is shown below:

Successful applications over categories:

Categories	Applications received	Funding requested (£'000)	Successful	Awarded (£'000)
Arts and Health/Wellbeing	13	234,399	3	12,917
Children and Young People	5	137,867	1	54,402
Crafts	34	556,508	16	284,084
Creative Industries	5	153,998	3	131,300
Creative Learning	4	76,026	3	73,966
Dance	46	1,096,676	32	877,680
Design	19	417,530	8	213,262
Digital	37	1,158,331	14	452,047
Equalities, Diversity, and Inclusion	2	72,642	0	0
Interdisciplinary Performance	3	35,124	2	21,624
Literature/Publishing	130	2,495,878	78	1,510,733
Multi-Artform	70	2,655,798	40	1,679,785
Music	337	6,704,666	195	3,852,287
Place and Communities	2	19,196	0	0
Scots	1	5,000	0	0
Theatre	201	4,229,677	117	2,490,712
Traditional Arts	2	19,361	1	2,269
Visual Arts	234	4,345,439	115	2,160,861
Grand Total	1,145	24,414,116	628	13,817,929

Targeted Funding

The main targeted programmes that were supported from grant-in-aid during 2021/22 are listed below:

1. Youth Music Initiative (YMI) and Youth Arts

The YMI programme continued to create access to high quality music making opportunities for young people, offering them the chance to achieve their potential through music making, and supporting the development of the youth music sector.

The funding programmes that operated under the combined YMI and Youth Arts budget were as follows:

YMI Strand	Funding provided £'000	Details
Formula Fund (2020/21 and 2021/22 academic years)	7,144	Funding to the 32 local authorities and Jordanhill School for delivering the Scottish Government commitment – “every school pupil in Scotland should be offered a year of free music tuition by the time they leave primary school”
Access to Music Making	1,117	To create access to high-quality music-making opportunities for children and young people aged 0-25 years
Strengthening Youth Music	84	To support individuals, organisations and networks to undertake strategic action or training that will strengthen the youth music sector in Scotland for the benefit of young people
Experimental Music	46	To support a series of creative sessions for young people to explore DIY, experimental and electronic music.
Continuing Professional Development and Training Fund	57	To support individuals, organisations and networks who work out with school settings in undertaking training and continuing professional development that will strengthen youth music in Scotland for the benefit of young people. The fund is devolved to the Scottish Music Centre.
Nurturing Talent Fund	76	To provide targeted funding opportunities direct to young, emerging artists from under-represented groups and areas across the country.
Youth Arts Bursary Scheme	295	A devolved scheme to provide funding to organisations to host up to 5 bursaries for early-career artists and creative practitioners aged between 18 and 24, who have a lack of accessible support to develop their creative careers, to create new or develop existing work.
Youth Arts Training & Workshop Fund	59	To support a programme of training in best practice for organisations and freelance practitioners working across the youth arts sector.
Overheads and other expenses	294	Contribution to Creative Scotland’s overheads (£200,000) and other project expenses for evaluation, advocacy and learning.

Other	50	Other targeted spend for YMI and Youth Arts programmes
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2. Platforms for Creative Excellence Programme (PLACE)

This PLACE programme supports strategic development activity across Edinburgh's festivals, taking place over a three-to-five-year timeframe. The programme is designed to enable the festivals:

- to diversify their year-round partnerships with the culture sector across the city and Scotland;
- to drive transformation and creative innovation through long-term programming approaches;
- to increase career and skills development capacity for creatives and young people;
- to build new and lasting relationships with less engaged communities.

Investment in the programme has been provided by the Scottish Government and the City of Edinburgh Council with match funding from Edinburgh's festivals. Creative Scotland manages and administers the Scottish Government's contribution to the fund, in partnership with City of Edinburgh Council, and oversees the monitoring and evaluation of the activity supported.

Funding was provided to the following Festivals through grant-in-aid funding and funds from the City of Edinburgh Council:

Festival	Year 4 (£)	Year 1-3 (£)
Edinburgh International Festival	400,000	1,200,000
Edinburgh Art Festival	215,000	645,000
Edinburgh Jazz and Blues Festival	211,830	635,489
Edinburgh International Book Festival	195,000	585,000
Edinburgh International Children's Festival	178,201	534,602
Edinburgh International Science Festival	177,333	532,000
Edinburgh Festival Fringe Society	166,667	500,000
Edinburgh's Hogmanay	133,333	400,000
Edinburgh International Film Festival	124,549	373,647
Scottish International Storytelling Festival	100,000	300,000
Edinburgh Festivals	65,667	197,000

A Year 4 extension was agreed for 2021/22, with a focus on recovery from the COVID-19 pandemic, and delivery of scaled back festival activity in the light of ongoing restrictions.

3. Expo Fund

Creative Scotland distributes £2 million of Scottish Government funding through grant-in-aid in support of Scotland's international festivals. The funding promotes the development of Scottish artists and creative expression across the country and will contribute to raising the profile of Scotland's world-class festivals. Funding was provided to the following festivals and programmes in 2021/22:

Organisation/Programme	Funding for 2021/22 (£'000)	Details
Festivals Edinburgh	400	Funding to promote and position Edinburgh as the world's leading festival city. This includes an additional £200,000 allocated through COVID-19 emergency funding.
The Expo Festivals	1,267	Funding for Scotland's international festivals.
Made in Scotland	534	A partnership between Creative Scotland and the Edinburgh Festival Fringe

		Society, Federation of Scottish Theatre, and the Scottish Music Centre. It provides a showcase of world-class Scottish theatre, dance and music at the world's biggest arts Festival, the Edinburgh Fringe.
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The Expo fund continued to operate in 2021/22 and focused on support for festivals restarting on a limited scale, or remotely to audiences.

4. Screen Scotland

Screen Scotland is the dedicated partnership for screen in Scotland, delivering enhanced support for all aspects of Scotland's screen sector. Partners include Creative Scotland, Scottish Enterprise, Highlands and Islands Enterprise, Skills Development Scotland, and the Scottish Funding Council, with funding provided from the Scottish Government through grant-in-aid and the National Lottery.

Screen Scotland has set out several objectives to fund, develop and grow the screen industry in Scotland:

- Boosting production by increasing funding and support to grow the number, quality and diversity of film and television productions from Scotland
- Creating specialist business development provision for screen businesses ensuring that advice and support is appropriate and easy to access.
- Developing Scotland's screen talent and promoting Scotland's talent in domestic and international markets
- Improving employment opportunities in the sector through increased and co-ordinated opportunities for work-based learning, training and development
- Improving and expanding the provision of film and moving image education in every context, increasing its reach, depth and inclusivity
- Developing audiences in Scotland by increasing access to a wide range of film and television, and raising the profile of Scottish high-quality film and television among audiences in Scotland, the UK and internationally
- Developing Scotland's reputation as a destination for domestic and international productions and co-productions and developing international markets
- Growing and improving Scotland's screen infrastructure including studio facilities.

In 2021/22, Creative Scotland received £8.5 million in grant-in-aid for Screen Scotland activities, and this was used to support the following areas, with the main funds being as follows:

Screen Strand	Scotland	Grant-in-aid spend in £'000 2021/22	Details
Broadcast Fund	Content	2,790	The Broadcast Content Fund promotes the sustainable growth of Scotland's broadcast production sector, encouraging the development of new projects, the scaling up of already successful activities and the production of commissioned programmes.
Production Fund	Growth	2,250	The Production Growth Fund aims to help grow Scotland's screen production sector, creating employment opportunities for Scottish crews, encouraging the use of production facilities, providing significant opportunities for the professional development of producers based

Screen Strand	Scotland	Grant-in-aid spend in £'000 2021/22	Details
			in Scotland, and delivering a direct and significant economic benefit to Scotland. The Funding helps in attracting large scale productions into the country, and maximising screen spend in Scotland.
Screen Commission		274	The Screen Commission department provide the locations service, represent Screen Scotland at international markets and industry events and work with production companies to provide crews, talent and facilities in Scotland.
Infrastructure		934	This fund supports the development of the film and TV studio operated by Shorestage Limited, Creative Scotland's wholly owned subsidiary. The fund includes funding for the operation of the studio, refurbishment and maintenance works.
Strategic Partnerships		225	A fund to develop further strategic partnerships with content commissioners such as the BBC and Channel 4.
Skills		955	The skills programmes provide funding for Improving employment opportunities in the sector through increased and co-ordinated opportunities for work-based learning, training and development.

COVID Emergency Response

In 2020/21, Creative Scotland distributed a total of £66.2 million in emergency funding in response to the COVID-19 pandemic. The primary focus during the COVID-19 pandemic was to keep funding flowing to sustain individuals and organisations through the immediate short-term impacts and looking ahead to the medium to long term recovery required.

At the start of 2021/22, restrictions across the UK started to ease, and the Coronavirus Job Retention Scheme (CJRS) which supported many cultural and artistic organisations was scheduled to end on 30 September 2021. The Scottish Government provided £25 million in funding to Creative Scotland to help support cultural and artistic organisations avoid insolvency up to 30 September 2021, and to protect against significant job losses up to this period, when it was expected that restrictions would be eased completely, and full trading could resume as normal. The Culture Organisations & Venue Recovery Fund (COVR) and Performing Arts Venue Relief Fund (PAVRF) were launched for this purpose.

The COVID-19 vaccination programme in the UK had a significant impact on hospitalisations and deaths from the virus, however a new variant, Omicron, took hold in the country throughout December 2021, which led to further restrictions on large venues, resulting in a number of cancellations of key events over the Christmas and New Year period and into the final quarter of the year. A further £54 million of funding was provided by the Scottish Government (which also included utilisation underspends in COVRF and PAVRF) to provide further support for organisations and individuals during this period.

In total, £69.2 million, was allocated for COVID-19 emergency programmes across 2021/22, and split as follows in support for individuals and organisations:

INDIVIDUALS	£'000	ORGANISATIONS	£'000
Cancellation Fund	2,989	Culture Organisations & Venue Recovery Fund	8,331
Hardship Funds	7,547	Performing Arts Venue Relief Fund	8,949
		Cancellation Fund	13,150
		Independent Cinemas	3,197
		Recovery Fund for Cultural Organisations	20,840
		Culture Collective	4,242
	10,536		58,709

In addition to the £69.2 million above, £4.2 million of emergency funding was also allocated to the Open Project Funds, (see page 10) and £2.3 million to the Edinburgh Festivals which were delivered through the PLACE and Expo programmes.

1. Support for individuals

The Cancellation Fund for Creative Freelancers (CFCF)

The emergence of the Omicron variant of COVID-19 led to a tightening of restrictions of gatherings in Scotland over the Christmas and New Year period, leading to many cancellations and deferrals of work. The CFCF Fund was set up to support freelance creative professionals based in Scotland who work in the arts, screen and creative sector and who were experiencing immediate financial difficulty due to the cancellation or deferral of events because of COVID-19, that were due to take place in the period 27 November 2021 – 31 March 2022.

An initial budget of £10 million was allocated for the CFCF Fund. Applications could be made in the range of £500 to £2,000 and documentary evidence of cancellation or deferral was required as part of the assessment process.

A total of 1,764 awards (£3 million) were made, with the distribution across the categories noted below:

Categories	Awards	Total Funding (£)
Arts and Health/Wellbeing	2	2,850
Children and Young People	13	22,095
Crafts	35	52,524
Creative Learning	4	7,500
Dance	45	63,004
Design	30	51,356
Digital	18	33,008
Equalities, Diversity, and Inclusion	2	4,000
Interdisciplinary Performance	9	13,840
Literature	7	10,765
Multi-Art Form	75	121,533
Music	1,129	1,964,645
Other	106	175,151
Place and Communities	2	1,700
Scots	1	2,000
Socially Engaged Practice	3	4,600
Theatre	182	290,928
Traditional Arts	7	7,800
Visual Arts	94	159,361
TOTAL	1,764	2,988,660

Hardship Fund for Creative Freelancers (HFCF)

The underspend in the CFCF Fund was re-allocated to the Hardship Fund for Creative Freelancers, as well as additional funding provided by the Scottish Government to create an £8 million fund.

The HFCF Fund provided support for those working in the arts, screen and creative sectors who are experiencing immediate financial hardship due to loss of income as a result of the COVID-19 pandemic.

Applications could be made for between £500 and £2,000, with additional financial support available on request for those with access needs. In total £7.5 million for 3,924 awards was distributed by Creative Scotland for the HFCF.

2. Support for organisations

Performing Arts Venue Relief Fund (PAVRF)

The fund was launched on 10th June 2021 and closed for applications on the 24 June 2021. The purpose of the fund was to provide performing arts venues in Scotland with emergency funding that will allow them to remain solvent, will support the return of staff from furlough, and will provide support for new artistic commissions from freelance artists. Funding was restricted to previous applicants to the 2021 PAVRF, as well as new applicants who met the main eligibility criteria- the primary purpose of the organisation is programming professional theatre and/or dance and/or music to a paying audience.

Applicants could apply for up to £500,000 in funding from the Fund, of which a maximum of £350,000 was to prevent insolvency and support key staff returning from furlough, and a maximum of £150,000 to commission freelance artists and creative practitioners.

The Fund awarded a total of £8.9 million to 54 organisations, covering a total of 67 venues across Scotland. A full list of recipients can be found on the [Creative Scotland website](#).

Culture Organisations and Venues Recovery Fund (COVRF)

The fund was launched on 10th June 2021 and closed for applications on the 24 June 2021. The purpose of the fund was to support organisations that are vital to the cultural life of Scotland with emergency funding that will allow them to remain solvent, and also to prevent significant job losses.

Funding was available to previous applicants to the 2021 COVRF, as well as applicants which did not receive funding in the first round, and new applicants who met the main eligibility criteria- they contribute to the rich and diverse cultural life of Scotland. Support was targeted at galleries, commercial theatres, performing arts spaces, festivals, comedy clubs, nightclubs, production support businesses, music and dance companies.

Applicants could apply for the following amounts:

- Awards of up to £150,000 in 2021 COVRF could apply up to a maximum of £75,000
- Awards of over £150,000 in 2021 COVRF could apply up to a maximum of £125,000
- New applicants or returning applicants who did not receive an award in 2021 COVRF could apply for up to £75,000.

The Fund made 278 awards totalling £8.3 million, which was split across the sectors as follows:

Sectors	Awards	Funding £'000
Comedy	8	389,104
Events/festivals	43	996,307
Magic	1	10,000
Music	60	1,676,320
Nightclubs	37	1,454,530
Performing arts	35	956,286
Publisher	5	128,950
Support infrastructure	45	1,269,263
Venues/art centres	24	871,978
Visual arts/craft/design	20	578,600
Total	278	8,331,338

A full list of recipients can be found on the [Creative Scotland website](#).

The Cancellation Fund for Cultural Organisations

The Cancellation Fund for Cultural Organisations was established in response to the Omicron variant. The purpose of the Fund was to provide support for businesses which are vital to the cultural life of Scotland, and which have been adversely financially impacted by cancellations or postponement of activities that were due to have taken place in the period between 27 November 2021 and 31 March 2022.

Organisations could apply for between £5,000 and £500,000 per venue and cultural organisations which do not operate a venue can apply for between £5,000 and £500,000.

A total of £13.2 million was distributed to 283 organisations across the following categories:

Categories	Awards	Total Funding (£'000)
Children and Young People	1	25
Creative Learning	1	8
Design	1	11
Equalities, Diversity, and Inclusion	4	21
Multi-Art Form	35	4,821
Music	105	4,434
Other	17	360
Place and Communities	1	26
Scots	1	26
Theatre	34	3,322
Traditional Arts	2	56
Visual Arts	4	39
	206	13,149

Recovery Fund for Cultural Organisations

The Recovery Fund for Cultural Organisations was launched in March 2022 with the purpose of enabling cultural organisations, working primarily for public benefit, to rebuild and create opportunities to increase their financial resilience after the COVID-19 pandemic.

The Fund was restricted to not for profit organisations (including companies limited by guarantee, registered charities, Scottish Charitable Incorporated Organisations (SCIOs), Community Interest Companies (CIC) and local authorities.

A total of £20.8 million was distributed to 283 organisations across the following categories:

Categories	Awards	Total Funding (£'000)
Arts and Health/Wellbeing	1	32
Children and Young People	22	1,245
Crafts	8	413
Creative Learning	7	729
Dance	11	666
Digital	2	19
Equalities, Diversity, and Inclusion	3	354
Interdisciplinary Performance	4	89
Literature	8	500
Multi-Art Form	68	6,645
Music	56	3,212
Other	9	475
Place and Communities	12	629
Socially Engaged Practice	4	147
Theatre	32	2,968
Traditional Arts	4	444
Visual Arts	32	2,273
	283	20,840

Recovery Fund for Independent Cinemas

The Fund was targeted at independently owned cinemas in Scotland, in order to provide emergency funding following the disruptions caused by the Omicron variant. The Fund aims to stabilise, rebuild and revitalise independent cinema businesses in Scotland, by supporting new activity and initiatives that help address the fundamental shifts to the industry brought about by COVID-19. Applications opened on 9 February 2022 and closed on 4 March 2022.

A total of 26 independent cinemas received a total of £3.2 million in funding.

A full list of recipients can be found on the [Creative Scotland website](#).

Edinburgh Festivals

Additional targeted funding was provided to the Edinburgh Festivals in response to the Omicron variant:

- Edinburgh International Festival Fringe Society (£1.6 million)
- Edinburgh International Film Festival (£270,000)
- Edinburgh International Festival (£250,000)
- Festivals Edinburgh (£200,000)

Culture Collective Fund

The Culture Collective Fund was based on a proposal put forward by the National Partnership for Culture following a recommendation by the Advisory Group on Economic Recovery. It was designed as a pilot programme to establish a network of creative practitioners, organisations and communities, working together to create a positive difference, locally and nationally, in response to COVID-19. The programme was focussed on community engaged creative activity, supporting participatory approaches and projects where creative practitioners and communities work collaboratively. A key element of this aimed at proactively responding to the impact of COVID-19, providing employment opportunities for creative practitioners and actively engaging people in shaping the future cultural life of their community.

In 2020/21, a total of 26 awards totalling £5.9 million were made to organisations across Scotland.

An extension to the Fund was agreed in 2021/22, with an additional £4.2 million of funding to the 26 projects to continue for another year. The [Culture Collective website](#) provides further details of the projects funded from the Fund.

Operations

New recruitment for the Senior Leadership Team

A recruitment process for the appointment of two new executive director posts was launched during the year, with the process yielding two appointees: Anne Langley as Executive Director of Operations and Dana MacLeod as Executive Director of Arts, Communities and Inclusion. The two executive directors commenced their employment with Creative Scotland in 2022/23.

Subsidiary company

Creative Scotland's wholly owned subsidiary company, Shorestage Limited continued to be involved in the development of a film and TV studio for Scotland. A lease on a property in Bath Road, Leith from Forth Ports PLC where the studio is based continued in operation during the year and was extended to 30 June 2022. A long-term lease and sublease with an operator was signed in 2022/23 financial year (see Note 24 for more details).

The results of Shorestage Limited are consolidated into the group accounts of Creative Scotland.

Future Plans and performance

Future plans and performance will be influenced by the Strategic Framework refresh, and also the implementation of the Future Funding Framework. The level of financial resources available to support these key areas will continue to be a risk to future performance.

Strategic Framework refresh

A refreshed strategic framework was established to guide activity in 2021-22 and beyond, and this is presented in the published Annual Plan for 2022/23. The 4 following areas will continue to be prioritised in 2022/23:

- Equalities, Diversity and Inclusion: Supporting a diverse range of creative people, communities, and activity, promoting an equality of opportunity to create, participate and engage;
- Sustainable Development: Helping tackle the climate emergency and supporting the growth of sustainable creative businesses across Scotland;
- Fair Work: Promoting fair pay, conditions, and employment opportunities across the creative sector;

- International: Developing innovative and sustainable ways of strengthening international collaboration and promoting artistic and cultural exchange.

We will do this by:

- Ensuring that the funding we distribute from Scottish Government and the National Lottery delivers the widest possible public benefit across Scotland.
- Advocating for the arts and creativity, promoting policy and practice that enhance their growth.
- Using our skills, knowledge, and expertise to enable creative development.

Future Funding Framework

A significant part of Creative Scotland's work in 2022/23 will be delivering a Future Funding Framework, which will include revised multi-year funding and the revised Open Fund for Organisations. The overall funding available will depend on the outcomes from the Scottish Government's Resource Spending Review, which are expected towards the end of 2022.

The intention is to deliver a refreshed Open Fund for Organisations from 2023/24 financial year, and for future multi-year funding to commence from 1 April 2025.

Performance Analysis

Introduction

Performance is measured with regards to statistical information from our grants management system, funding data supplied by regularly funded organisations and other applicants, third party data and from stakeholder surveys.

Creative Scotland produced an annual plan for 2021/22, recognising the ongoing impact of the COVID-19 pandemic and the continued closure of a large number of cultural organisations due to the differing lockdown restrictions in place throughout the year. The focus for 2021/22 remained the distribution of emergency funding to individuals and organisations in the arts, screen and creative industries, while looking ahead to when society would re-open and allow artistic and cultural activity to restart.

As lockdown measures remained in place at different degrees for the full financial year, it was clear that it would not be possible to collect data for many of the performance measures as many cultural venues were closed and many of the regularly funded organisations had reduced operations or had placed staffed in furlough. However, relevant data has been collected to report on financial performance, administrative performance and operations (creditor days). An Annual Review for 2021/22 will be published providing an overview of the activities during the year

Financial performance

The financial statements for 2021/22 have been prepared under an Accounts Direction, on page 72, issued by the Scottish Ministers to meet the accounting and disclosure requirements of applicable accounting standards so far as these requirements are appropriate and comply with the Government Financial Reporting Manual (FReM).

The budget is approved by the Board and actual out-turn is shown below.

Creative Scotland - Results for the year ending 31 March 2022 versus Budget

	<u>Actual</u> <u>£'000</u>	<u>Budget</u> <u>£'000</u>	<u>Variance</u> <u>£'000</u>
Income			
Project income	(1,003)	(1,020)	17
Other income	(3,740)	(3,498)	(242)
Expenditure			
Grants awards and investments	127,405		
Project Expenditure	1,175		
Less de-committed awards	(650)		
Total net grants and project expenses	127,930	127,531	399
Staff costs	6,956	7,178	(222)
Other operating expenditure	3,144	3,364	(220)
Depreciation	121	220	(99)
Net expenditure	133,408	133,775	(367)

Performance was within the budget framework for the year, with a small overspend in grants covered by additional income from Screen productions. The surplus noted above was allocated to capital additions and additional payments to the Arts Council Retirement Plan (1994).

A note of the net expenditure reconciled to the cash grant-in-aid drawn down is shown in Note 3. IAS 19 costs and depreciation included above are excluded from cash grant-in-aid.

Administrative performance

Creative Scotland is committed to ensuring the administrative effectiveness of our funding operation to ensure an effective and efficient service to those we are here to support and to effectively manage the public funds for which we are responsible. As part of our Performance Management Framework, we currently measure our progress against two processing and payment deadlines set out in our Open Project Funding programme.

Target	Performance Indicator	Outturn for 2021/22	Outturn for 2020/21
Minimum of 90% of funding applications processed within published timeframe	% of applications processed within agreed timeframe	90%	93%
Minimum of 90% of initial payments to successful funding applicants made within published timeframe	% of initial award payments made within 10 working days of exchange of contracts	83%	88%

The large volume of additional processing for grants in 2021/22 for COVID-19 emergency programmes has continued to have an impact on processing times. The digital transformation project aims to improve processing times in future years.

Environmental Sustainability

Creative Scotland is committed to reducing the environmental impact of its operations, as well as promoting carbon efficiency and sustainable behaviours across the arts, screen and creative industries. An environment policy sets out Creative Scotland's statutory requirements. The Climate Change (Emissions Reduction Targets) (Scotland) Act 2019, which amends the Climate Change (Scotland) Act 2009, sets targets to reduce Scotland's emissions of all greenhouse gases to net-zero by 2045 at the latest, with interim targets for reductions of at least 56% by 2020, 75% by 2030, 90% by 2040.

Our work in this area includes:

- Working in conjunction with Creative Carbon Scotland in promoting the environment to support funded organisations, enabling them to report on their sustainable behaviour and contribution to CO2 emission reduction. Environmental sustainability is a criterion in the assessment of applications from organisations for regular funding and carbon reporting will be mandatory for these organisations during the period of funding.
- Ensuring environmental sustainability is a key criterion in the assessment of tenders during the procurement processes.
- Establishing an environmental working group to co-ordinate and lead on environmental sustainability issues.
- Developing a Climate Emergency and Sustainability Plan (for publishing in 2022/23)

Monitoring of GHG emissions in tonnes of CO₂ for 2 key areas for our operations for 2021/22 and 2020/21 were undertaken, with key results shown in the table below:

	2021-22 GHG (tCO ₂ e)	2020-21 GHG (tCO ₂ e)	% change
Energy	10.5	16.3	-36%
Business Travel	10.3	-	-

Energy usage remains low due to the fact both Creative Scotland offices were closed for a significant part of the financial year. Business travel did commence for part of the year but remains below its normal levels.

Social matters

Creative Scotland is committed to ensuring people of all ages and from different types of communities throughout the country can have deep and meaningful engagement with the arts, screen and creative industries. Access and place are key ambitions in the 10-year plan to help achieve this. The following activities took place in 2021/22 to help achieve this:

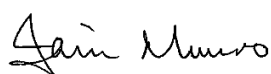
- The EDI Advisory Group met on three occasions to inform, support and develop delivery against Creative Scotland's current and future Equalities Outcomes;
- Continuing to work on the Corporate Parenting Plan, which identifies opportunities for young people from care backgrounds;
- Working with local authorities throughout Scotland on our Place programme, which ensures Creative Scotland works closely with local partners over time to build and maintain a good working knowledge of local authority areas and their creative communities;
- Continuing to embed the concepts of equality and diversity in all our funding streams and delivering targeted funds to support key projects: an Equalities, Diversity and Inclusion report is produced biennially.

Anti-bribery and corruption

Creative Scotland has well developed policies and procedures to address anti-corruption and anti-bribery matters. All staff are required to act honestly and to safeguard the public resources for which they are responsible and are encouraged to raise concerns about possible improprieties. This includes: financial reporting, fraud, bribery or blackmail, criminal offences, failure to comply with a legal or regulatory obligation, miscarriages of justice, endangering the health and safety of an individual or concealment of any of these matters. Policies are designed to support Creative Scotland values, ensuring that staff can raise concerns without fear of suffering retribution and that there is a transparent and confidential process for dealing with concerns.

Payment of creditors

The Scottish Public Finance Manual requires that invoices be paid within ten days of receiving a valid invoice. During the year ended 31 March 2022, 70% of invoices were paid within ten days (2021: 86%), with an average payment date of 10.8 days (2021: 6).



Iain Munro
Chief Executive and Accountable Officer
2 December 2022

Accountability Report

Corporate Governance Report

Director's Report

List of board members and senior leadership team:

Board Members

Malath Abbas
Ewan Angus (term ended on 31 July 2022)
Yahya Barry
David Brew
Duncan Cockburn
Duncan Hendry
Stephanie Fraser
Philip Long
Carol Main
Sarah Munro
Elizabeth Partyka
David Strachan
Robert Wilson (Chair)

Senior Leadership Team

Iain Munro, Chief Executive
Isabel Davis, Executive Director, Screen
Anne Langley, Executive Director, Operations
(from 25 July 2022)
Dana MacLeod, Executive Director, Arts, Communities & Inclusion
(from 26 September 2022)
Ian Stevenson, Director, Finance
Karen Lannigan, Director, HR & Office Services
Kenneth Fowler, Director, Communications
Clive Gillman, Director, Creative Industries
David Smith, Director, Screen
Alastair Evans, Acting Director, Strategy

Creative Scotland Board

The Public Services Reform (Scotland) Act 2010 allows for up to a maximum of fourteen members, in addition to the Chair, all to be appointed by Scottish Ministers. The membership of the Board during the financial year and attendance at meetings was as follows:

Name	Date of appointment	Term	End of current term	Attendance
Robert Wilson (Chair)	10 February 2018	2nd	9 February 2026	8/8
David Brew	1 August 2015	2nd	31 July 2023	8/8
Ewan Angus	1 August 2018	1st	31 July 2022	6/8
Elizabeth Partyka	1 August 2018	2nd	31 July 2026	6/8
David Strachan	1 August 2018	2nd	31 July 2026	6/8
Duncan Cockburn	16 September 2019	1st	15 September 2023	7/8
Philip Long	16 September 2019	1st	15 September 2023	8/8
Stephanie Fraser	16 September 2019	1st	15 September 2023	7/8
Sarah Munro	16 September 2019	1st	15 September 2023	5/8
Malath Abbas	1 April 2021	1st	31 March 2025	8/8
Yahya Barry	1 April 2021	1st	31 March 2025	7/8
Duncan Hendry	1 April 2021	1st	31 March 2025	8/8
Carol Main	1 April 2021	1st	31 March 2025	8/8

Four board members were appointed with effect from 1 April 2021: Malath Abbas, Yahya Barry, Duncan Hendry and Carol Main.

The Chair, Robert Wilson, was re-appointed to a 2nd term during the year.

The Board has ultimate decision-making responsibility, but to facilitate effective management, appropriate levels of delegated authority have been approved by the Board for the Accountable Officer.

The Board has corporate responsibility for ensuring that Creative Scotland fulfils the aims and objectives set by the Scottish Ministers; for promoting the efficient use of staff and other resources, in accordance with the principles of Best Value and for establishing the overall strategic direction for Creative Scotland. Further details on the responsibilities of the Board are reflected within the [Framework Document](#) between the Scottish Government and Creative Scotland available at creativescotland.com.

A [register of interests for Board members](#) is maintained and is available on the Creative Scotland website.

Board members are remunerated for their role and details are set out in the Remuneration and Staff Report.

Subcommittees of the Board

The Board is supported by four subcommittees which have members appointed by the Board from their membership:

- Audit and Risk Committee
- Financial and General Purposes Committee
- Screen Committee
- Nominations Committee.

During the year, two non-Board members were appointed, one to the Audit and Risk and one to the Finance and General Purposes Committees following a recruitment process. Both non-Board members are not remunerated for their role and are entitled to claim reasonable travel expenses for attending meetings.

Audit and Risk Committee

The Audit and Risk Committee is chaired by David Brew and its remit includes risk management, financial controls, financial reporting, compliance with statute and Scottish Ministers directions, and corporate governance. The Committee is also responsible for overseeing the work of internal audit and receiving reports from the appointed external auditors.

Board members Yahya Barry and Carol Main and a non-board member, Brian Montgomery, were appointed to the Committee during the year. The following members of the Board served on the Audit and Risk Committee during 2021/22:

Membership	Meetings attended
David Brew (Chair)	4/4
Duncan Cockburn	4/4
Philip Long	4/4
Yahya Barry	4/4
Carol Main	3/3
Brian Montgomery	1/2

During the year, the Committee reviewed:

- The 2020/21 Annual Reports and Accounts of the Creative Scotland Group and its subsidiary, Shorestage Limited and the Creative Scotland National Lottery Distribution Fund;
- Outputs of the internal and external auditors, including annual plans and reports;
- Recommendation to appoint new internal auditors, following a procurement process;
- Revisions to the Framework Agreement between the Scottish Government and Creative Scotland;
- The data protection annual report for 2020/21 and regular updates on implementing outstanding issues to ensure that data protection impact assessments (DPIAs) are completed for key digital transformation projects;
- Delegated authority and budget control guidelines;
- The risk register and wider risk management arrangements, which were discussed at every meeting.

Finance and General Purposes Committee

The Finance and General Purposes Committee is chaired by Elizabeth Partyka and its remit includes corporate planning, HR, office services (including health and safety), budget management and management accounts, estates, performance management and ICT. The Committee is responsible for approving the detailed budgets of Creative Scotland and monitoring financial performance.

Board members Malath Abass and Duncan Hendry, and a non-board member, Patrick Brown, were appointed to the Committee during the year. The following members of the Board served on the Finance and General Purposes Committee during 2021/22:

Membership	Meetings attended
Elizabeth Partyka (Chair)	4/4
Ewan Angus	3/4
Stephanie Fraser	4/4
Malath Abass	2/3
Duncan Hendry	3/3
Patrick Brown	0/1

During the year, the Committee reviewed:

- The 2020/21 budget, including allocations of grant-in-aid from the Scottish Government and National Lottery income projections;
- Management accounts showing outturn against budget for 2020/21;
- The recharge methodology for operating costs to the CS NLDF;
- The annual plan and performance targets;
- The progress of the digital transformation strategy;
- HR and Office Services directorate plans including health and safety and HR matters.

Nominations Committee

The Nominations Committee contributes as required to the appointment process for new Board members and to ensure induction, training and performance reviews are undertaken. The Committee is chaired by Robert Wilson with attendance from other board members as agreed. There were no meetings of the Committee during 2021/22.

Screen Committee

The Screen Committee is chaired by David Strachan and its remit includes providing advice on Screen Scotland's strategy, agreeing and monitoring operational plans and budgets, overseeing the effectiveness of partnership working and maintaining and monitoring Screen Scotland's Risk Register.

Malath Abbas was appointed to the Committee during the year. The following members of the Board served on the Screen Committee during 2021/22:

Membership	Meetings attended
David Strachan (Chair)	6/6
Elizabeth Partyka (Chair)	6/6
Ewan Angus	6/6
Malath Abbas	5/5

The members of the Screen Committee are also representatives on the Screen Scotland Partnership Committee which includes representatives from the core partners in Screen Scotland: Scottish Enterprise, Highlands and Islands Enterprise, Skills Development Scotland, and the Scottish Funding Council.

Political and Charitable Donations

There have been no political or charitable donations during the year or in the prior year. Grants have been made to charitable organisations, but these are not classed as donations.

Data loss

The Data Protection Officer provides an annual report to the Audit and Risk Committee, and the report for 2021/22 confirms that there were no incidents of data loss that required to be reported to the Information Commissioner.

Statement of Accountable Officer's responsibilities

Under the Public Services Reform (Scotland) Act 2010, the Scottish Ministers have directed Creative Scotland to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Creative Scotland and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

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

- observe the Accounts Direction issued by the Scottish Ministers, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements;
- and prepare the financial statements on a going concern basis.

The Principal Accountable Officer for the Scottish Administration has designated the Chief Executive as Accountable Officer of Creative Scotland. The responsibilities of an Accountable Officer, including responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping proper records and for safeguarding Creative Scotland's assets, are set out in the Accountable Officer's Memorandum issued by Scottish Ministers.

Creative Scotland's external auditor is appointed by the Auditor General for Scotland, and for the year ended 31 March 2022, Audit Scotland is the appointed auditor. So far as the Accountable Officer is aware, there is no relevant audit information of which the auditor is unaware, and the Accountable Officer has taken all the steps that he ought to have taken in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

As far as the Accountable Officer is concerned, the annual report and accounts as a whole is fair, balanced and understandable, and he takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

Governance Statement

Scope of Responsibility

As Accountable Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's policies, aims and objectives set by the Scottish Ministers, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me.

Governance framework

Creative Scotland's governance framework is based on the legislative powers of the organisation as stated in the Public Services Reform (Scotland) Act 2010 and the Framework Document with the Scottish Government.

The Scottish Public Finance Manual (SPFM) is issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. It sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for economy, efficiency and effectiveness, and promotes good practice and high standards of propriety. Creative Scotland applies relevant sections of the SPFM to its governance framework arrangements.

The Board has corporate responsibility for ensuring that Creative Scotland fulfils the aims and objectives set by the Scottish Ministers. The Board is supported in its activities by three standing committees which meet at least four times per year: the Audit and Risk Committee; the Finance and General Purposes Committee and the Screen Committee. There is also a Nominations Committee which meets when required.

As is good practice, terms of reference are in place for the Board and its standing committees. These pull together the Board's statutory and regulatory responsibilities, as detailed within key governance documentation including the Public Services Reform (Scotland) Act 2010 and Creative Scotland's Management Statement and Framework Document.

Operation of the Board

During 2021/22 the Board met on 8 occasions all of which were chaired by Robert Wilson. Minutes of these meetings are published on Creative Scotland's website. The number of board meetings was increased to allow the Board to respond to urgent matters arising from the pandemic.

The main areas addressed by the Board during the year included:

- The on-going response to the COVID-19 pandemic, including the impact on Creative Scotland and its operations and the impact on the arts, screen and creative industries;
- Funding responses to the COVID-19 pandemic, including the launch of specific Creative Scotland funding programmes, and emergency funding received from the Scottish Government;
- Approval of funding awards over £500,000- there were 5 awards across Creative Scotland and the CS NLDF that fell into this category covering screen, emergency funding for the Edinburgh festivals and the Youth Music Initiative Formula Fund;
- approval of the 2022-23 budget;
- approval of the 2020-21 accounts for both Creative Scotland Group and the Creative Scotland National Lottery Distribution Fund;
- approval to proceed with the film studio project at Bath Road through Shorestage Limited
- Review of the risk register;

- Review of the digital transformation projects including the launch of new funding programmes and funding systems;
- Long term strategy for future Creative Scotland funding programmes.

The Board received regular updates from the Audit & Risk, Finance & General Purposes and Screen committees, which were standing items at each full board meeting. Details of the committees and their work in the year are noted on pages 25-27. The Nominations Committee did not meet during the year.

Accountable officer

The Accountable officer for the year was Iain Munro, who is the Chief Executive of Creative Scotland.

The Accountable officer received letters of assurances from members of the Senior Leadership Team to assist him in completing the governance statement. Those assurances raised no issues in any of the directorates with regards to internal control matters.

Assessment of corporate governance in the period

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

The system of internal control is based on an on-going process designed to identify the principal risks to the achievement of the organisation's policies, aims and objectives; to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The process within the organisation accords with guidance from the Scottish Ministers provided in the Scottish Public Finance Manual and has been in place for the year ended 31 March 2022 and up to the date of approval of the annual report and financial statements.

The Accountable Officer is responsible for reviewing the effectiveness of the system of internal control and is informed by:

- the executive managers who have responsibility for the development and maintenance of the internal control framework;
- the work of the internal auditors, who submit to the organisation's Audit and Risk Committee regular reports which include an independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control together with recommendations for improvement;
- comments made by the external auditors in their management letters and other reports.

Internal audit is outsourced to an independent third-party organisation appointed by Creative Scotland. Henderson Loggie LLP acted as Internal Auditor in 2021/22. From 1 April 2022, Azets took over as Internal Auditor for a three year appointment. External audit is provided by Audit Scotland.

All recommendations from Internal and External audit are responded to by management and both the recommendations and responses for implementation are reviewed by the Audit and Risk Committee before being either approved or amended, for implementation. The findings from the Audit and Risk Committee are reported to the Board by way of submission of minutes of each meeting and an annual report on the committee's work.

The independent Internal Auditor's Annual Report found that Creative Scotland has adequate and effective arrangements for risk management, control and governance and that proper arrangements are in place to promote and secure value for money. Two exceptions were noted: the first relating to recommendations in a digital transformation audit; and the second was that implementation of internal audit recommendations was behind schedule, mostly due to re-prioritisation of work during the pandemic. Management have committed to proceed with implementing recommendations during 2022-23.

The organisation has in place detailed policies on delegated authority and the roles and responsibilities of the Board, its subcommittees and the Senior Leadership Team. Appropriate policies are in place for key areas of corporate governance including whistleblowing, fraud and corruption, gifts and hospitality and declaration of interests.

More generally, the organisation is committed to a process of continuous development and improvement: developing systems in response to any relevant reviews and developments in best practice in this area. In particular, in the period covering the year to 31 March 2022 and up to the signing of the financial statements, the organisation has continued its long-term strategic reviews, and plans for digitising the application process for key funding routes. The organisation will continue to develop its funding and strategy reviews during 2021/22 to improve corporate governance procedures.

Risk management

The Accountable Officer and Board have ultimate responsibility for the control of all identified organisational risks. Creative Scotland's Risk Management Strategy outlines the key activities undertaken to manage risk.

The Board approves the strategic plan, and risks which may impact its delivery are identified through senior leadership team, Board and sub-committee discussions. These are recorded in the Strategic Risk Register, which identifies the organisation's risks and the relevant control strategy for each. The register has been developed in line with relevant guidance issued by the Scottish Ministers and with clearly defined processes and specific areas of responsibility.

There is an established process for the register to be reviewed and updated to reflect any changes in potential risks and or developments of the controls in place. Risk management is a regular agenda item at senior management meetings and risk management is fully incorporated into the corporate planning and decision-making processes of the organisation. The Register is a standing item at each Audit and Risk Committee meeting and, in addition to ongoing reporting through the Audit and Risk Committee minutes, the Register is also presented annually in full to the Board.

Independent reviews are undertaken by Creative Scotland's Internal Auditor. These Reviews are focussed on key risks identified in the risk register. In addition, professional advisors are used as appropriate to ensure legal compliance and minimisation of risk.

To ensure effective daily control, each identified risk is allocated to one or more members of the senior management team, based on their appropriate skills/knowledge within the area concerned and they have responsibility to ensure that current controls are maintained. Initiatives for improvement are undertaken and any new risks identified within their areas or within the wider organisation are immediately highlighted to the Accountable Officer/Chief Executive. To fully support the senior management in this process, any newly identified risks; decisions on controls, new initiatives, reviews of risks and re-assessment controls etc. are discussed at the management team meetings and further guidance is given before any action is taken.

Response to COVID-19

The COVID-19 pandemic and the lockdown measures in the UK continued to have a significant impact on Creative Scotland's operations. The organisation's response in terms of funding programmes is set out on page 14. In addition to the support announced for individuals and organisations, a number of responses were initiated to ensure proper corporate governance during this period, including:

- utilisation of technology to ensure key financial and operation processes could be facilitated remotely;
- scheduling more regular Board and Senior Leadership Team calls out with the regular meeting schedules to tackle key issues as they arose and utilising technology to allow effective scrutiny to take place in the homeworking environment;
- development of key funding responses, working internally and with partners to ensure digital transformation, legal and finance advice, and data protection issues were embedded;
- financial and governance controls to ensure a large increase in funding could be delivered while maintaining an effective set of financial controls;
- strategies to prevent and detect fraud in a riskier environment;
- HR strategies to ensure the health and wellbeing of staff was prioritised.

The increase in funding activity remains a risk for the organisation, and in the current climate this includes ensuring emergency funding is used for the intended purposes.

During the year, legal action was commenced in relation to one applicant where it was suspected that funds were not being used for the intended purpose of the emergency funding received. The ruling was made in Creative Scotland's favour, although it is not expected that any funds will be recovered.

Anti-fraud detection methods were in place to prevent and detect fraud in COVID-19 emergency programmes. Fraudulent activity was detected in applications made to the Cancellation Fund for Creative Freelancers, and 2 fraudulent claims totalling £4,000 were paid. Recovery efforts led to a repayment of one award for £2,000, leaving a net loss of £2,000 from fraud. A review of IT processes was undertaken to prevent future attacks from similar sources.

Conclusion

Based on the above and my own knowledge of the organisation, and review of the certificates of assurance completed by the Senior Leadership Team, I am satisfied that, during the year under review, the overall control environment within Creative Scotland operated effectively and supported the organisation in meeting its aims and objectives.

Remuneration and staff report

The sections marked * are subject to a separate opinion by Audit Scotland. The other sections were reviewed by Audit Scotland to ensure they were consistent with the financial statements.

Board*

The Chair and other board members are appointed by the Scottish Ministers.

Remuneration for the Chair is set at a level of £275 per day, however Mr Wilson has opted not to take remuneration for his term of appointment.

Scottish Ministers decided to allow other board members to be remunerated with effect from 1 October 2019. The daily rate for board remuneration is set by Scottish Ministers and had been set for 2020/21 at a rate of £218 per day up to a maximum of £2,616 per year. Future pay increases are subject to the Scottish Government Public Sector Pay Policy and approval of the Chair. The uplift as at 1 April 2021 increased the daily rate to £220 per day, although this was not actioned until 2022/23.

Benefit in kind expenses are provided to board members in relation to taxable expenses for attending board meetings. Creative Scotland pays these expenses gross of any taxable deductions. This is to comply with new HMRC rules on reimbursing expenses for non-employees and to ensure board members are not disadvantaged when undertaking their role.

Board members are not entitled to a pension.

Name	2021/22				2020/21			Total
	Board Fee £'000	Benefit in kind £100s	Pension Benefits £'000	Total	Board Fee £'000	Benefit in kind £100s	Pension Benefits £'000	
Robert Wilson (Chair)	-	-	-	-	-	-	-	-
David Brew	0-5	-	-	0-5	0-5	-	-	0-5
Ewan Angus	0-5	<1	-	0-5	0-5	-	-	0-5
Elizabeth Partyka	0-5	-	-	0-5	0-5	-	-	0-5
David Strachan	0-5	-	-	0-5	0-5	-	-	0-5
Duncan Cockburn	0-5	-	-	0-5	0-5	-	-	0-5
Philip Long	0-5	-	-	0-5	0-5	-	-	0-5
Stephanie Fraser	0-5	<1	-	0-5	0-5	-	-	0-5
Sarah Munro	0-5	<1	-	0-5	0-5	-	-	0-5
Malath Abbas	0-5	-	-	0-5	-	-	-	-
Yahya Barry	0-5	-	-	0-5	-	-	-	-
Duncan Hendry	0-5	-	-	0-5	-	-	-	-
Carol Main	0-5	-	-	0-5	-	-	-	-

Senior Leadership Team

The Chief Executive's remuneration arrangements comply with the Scottish Government Public Sector Pay Policy for Senior Management. Senior management's remuneration falls within the organisations' pay grades. Individual objectives are set for all senior management, by the Chief Executive. The Chief Executive's objectives are set by the Chair and ratified by the Finance and General Purposes Committee. Satisfactory performance by attainment of set objectives is decided at the end of the objective period, in one-to-one meetings with the Chief Executive for the senior manager and by the Chair and Finance and General Purposes Committee for the Chief Executive. Proposed remuneration increases are submitted to the Finance and General Purposes Committee through the pay remit process before formal submission to the Scottish Government for approval.

Remuneration of the Senior Leadership Team*

Name	2021/22				2020/21			
	Salary/ (Bonus) £'000	Benefit in kind £100s	Pension Benefits £'000	Total	Salary/ (Bonus) £'000	Benefit in kind £100s	Pension Benefits £'000	Total
Iain Munro Chief Executive	125-130 (0)	-	50-55	180-185	115-120 (0)	-	100-105	220-225
Isabel Davis Executive Director, Screen	95-100 (0)	-	20-25	120-125	95-100 (0)	-	25-30	120-125
Kenneth Fowler Director, Communications	75-80 (0)	-	15-20	95-100	75-80 (0)	-	20-25	100-105
Karen Lannigan Director, HR & Office Services	80-85 (0)	-	25-30	110-115	80-85 (0)	-	30-35	115-120
Ian Stevenson Director, Finance	80-85 (0)	-	10-15	95-100	80-85 (0)	-	25-30	105-110
Clive Gillman Director, Creative Industries	75-80 (0)	-	30-35	110-115	70-75 (0)	-	20-25	90-95
Joan Parr Interim Director, Arts & Engagement ¹ (to 16/12/21)	45-50 (0)	-	5-10	50-55	60-65 (0)	-	20-25	80-85
David Smith Director, Screen	75-80 (0)	-	15-20	95-100	75-80 (0)	-	15-20	90-95
Alastair Evans Interim Director, Strategy ² (from 26/07/21)	55-60 (0)	-	5-10	65-70	-	-	-	-
Gary Cameron Interim Director, Strategy ³ (to 23/07/21)	20-25 (0)	-	0-5	20-25	60-65 (0)	-	10-15	75-80

Figures shown are for the Senior Leadership Team in place during 2021-22 who were Creative Scotland employees.

1. FTE Salary for 2021/22 is £60,000 - £65,000.
2. FTE Salary for 2021/22 is £60,000 - £65,000. Mr Evans was not a member of the Senior Leadership Team in 2020/21.
3. FTE Salary for 2021/22 is £60,000 - £65,000.

Seconded senior staff

Mr John Campbell was seconded to Creative Scotland from the Scottish Government as Director of Digital Transformation with effect from 9 September 2019 to 31 March 2022. The post was full time until 31 August 2021 at which point it reduced to part time (0.5 FTE). The FTE salary for this post under the secondment agreement was £85-90,000 and Creative Scotland paid £92,149 (salary, on-costs and VAT) to the Scottish Government during 2021/22. Mr Campbell remained an employee of the Scottish Government during this time.

Salary

'Salary' includes gross salary; overtime; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by Creative Scotland to the individuals.

Benefits in kind

The monetary value of benefits in kind to the nearest £100 covers any benefits provided by Creative Scotland and treated by HMRC as a taxable emolument, and any non-taxable emoluments not subject to taxation.

Bonus

No bonuses were paid during the period (2020/21- Nil).

Pension benefits

Pension benefits are calculated as the real increase in pension multiplied by 20, plus the real increase in any lump sum, less contributions made by the member.

Senior staff pension accrued as at 31 March 2022 and 31 March 2021*:

Name	Accrued pension (lump sum) 31 March 2022 £'000	Accrued pension (lump sum) 31 March 2021 £'000	Real increase in pension (lump sum) (lump sum) £'000	CETV 31 March 2022 £'000	CETV 31 March 2021 £'000	Real increase in CETV in CETV £'000
Iain Munro	35-40 (115-120)	35-40 (105-110)	0-2.5 (5-7.5)	657	683	38
Isabel Davis	0-5 (10-15)	0-5 (5-10)	0-2.5 (2.5-5)	66	55	15
Kenneth Fowler	10-15 (30-35)	5-10 (25-30)	0-2.5 (0-2.5)	178	181	11
Karen Lannigan	20-25 (5-10)	15-20 (5-10)	0-2.5 (0-2.5)	280	252	28
Ian Stevenson	10-15 (35-40)	10-15 (30-35)	0-2.5 (0-2.5)	207	218	9
Clive Gillman	5-10 (20-25)	5-10 (15-20)	0-2.5 (2.5-5)	136	110	28
Joan Parr	10-15 (35-40)	10-15 (35-40)	0-2.5 (0-2.5)	286	268	5
Gary Cameron	0-5 (5-10)	0-5 (5-10)	0-2.5 (0-2.5)	46	42	2
David Smith	0-5 (5-10)	0-5 (0-5)	0-2.5 (2.5-5)	39	25	14
Alastair Evans	5-10 (20-25)	5-10 (15-20)	0-2.5 (0-2.5)	99	111	4

Pension scheme

Pension benefits are provided through the Arts Council Retirement Plan (1994) and the Strathclyde Pension Fund. The members of the Senior Leadership Team are members of the two schemes on the same basis as other employees. Members of the Senior Leadership Team on secondment to Creative Scotland remain members of the pension schemes of the seconding organisations.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of a pension benefit in another scheme or arrangement which the individual has transferred to Creative Scotland's pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take into account any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Exit packages*

There were no exit packages arising from compulsory redundancy or other settlements in 2021/22 or 2020/21.

Median pay multiples*

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

	2021/22	2020/21
Banded remuneration of the highest paid director in Creative Scotland	£125,000 to £130,000	£115,000 to £120,000
% increase in remuneration of the highest paid director from 2020/21 to 2021/22	8.5%	
Median Remuneration of Creative Scotland staff	£34,034	£36,572
The average percentage change in remuneration from the previous financial year in respect of the employees of the entity taken as a whole	5.5%	
Ratio	3.75	3.21
25% percentile of Creative Scotland staff remuneration	£29,285	£28,711
Ratio	4.35	4.09
75% percentile of Creative Scotland staff remuneration	£41,934	£41,519
Ratio	3.04	2.83
Range of staff remuneration below highest paid director (bands of £5,000)	£20,000 to £100,000	£20,000 to £100,000
Employees receiving remuneration in excess of the highest-paid director	0	0

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

The median pay ratio for the 2021-22 is consistent with the pay, reward and progression policies. The median pay has reduced from prior year due to turnover of staff, with new staff tending to start at the lower of the salary grade range.

Staff costs and numbers*

	2021/22	2021/22	2021/22	2021/22	2020/21
	Employees	Agency staff	Inward	Total	Total
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Staff Costs	4,918	-	-	4,918	4,903
NI	481	-	-	481	493
Pension costs	1,268	-	-	1,268	1,144
Agency fees	-	262	-	262	310
Invoiced	-	-	109	109	153
Total	6,667	262	109	7,038	7,003
Average FTE by directorate					
Executive Office	5.4	-	-	5.4	7.0
Finance and Funding	18.8	0.1	-	18.9	18.7
Communications	14.5	-	-	14.5	15.4
HR & Office Services	9.4	-	-	9.4	10.1
Arts & Engagement	33.4	-	-	33.4	34.6
Screen Scotland	20.0	0.3	-	20.3	18.2
Creative Industries	6.9	-	-	6.9	6.9
Strategy	13.1	-	0.3	13.4	11.9
Digital Transformation	4.1	3.1	0.7	7.9	10.0
Total	125.6	3.5	1.0	130.1	132.8

Breakdown of employee groups by sex*

The table below shows the breakdown of the Creative Scotland Senior Leadership Team and Board by sex as at 31 March 2022.

	Males	Females
Senior Leadership Team	6	2
Creative Scotland Board	9	4
All other employees	35	94

Public bodies are required under the Gender Representation on Public Boards (Scotland) Act 2018 to ensure that females make up 50% of board members by 31 December 2022. Appointments to the Creative Scotland Board are made by the Scottish Ministers, and Creative Scotland will make representations to the Scottish Ministers to ensure this target can be met in future board recruitment exercises.

Sickness absence

In the year to 31 March 2022, an average of 2.5 working days (2021: 2.6 days) was lost per staff member working in the year.

Equalities and diversity

Creative Scotland is a 'Disability Two Ticks' organisation. This means that Creative Scotland guarantees that all disabled applicants who meet the minimum criteria for a job vacancy will be interviewed.

Creative Scotland is committed to ensuring equality of opportunity for those members of staff who are disabled or become disabled for the purposes of the Equality Act 2010 during their employment with Creative Scotland.

Creative Scotland is also a member of Stonewall's Diversity Champions Programme, the world's largest best practice employers' forum on sexual orientation in the workplace.

Trade Union Relations

There are two unions currently at Creative Scotland: PCS and Unite and any employee can join either of the two unions. Employee representatives of both unions meet regularly with the Senior Leadership Team, and the Chair of the Board to discuss matters relating to working at Creative Scotland. In particular both unions are involved in negotiating the annual pay settlement, and the terms and conditions of employment.

Facility time statistics as required by the Trade Union (Facility Time Publication Requirements) Regulations 2017 are shown below.

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
3	3

Percentage of time spent on facility time

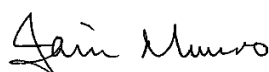
% of time	Number of employees
0%	-
1-50%	3
51-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time (£)	2,712
Total pay bill (£)	6,667,000
% of pay bill spent on facility time	0.04%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	100%
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Iain Munro
Chief Executive and Accountable Officer
2 December 2022

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

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of Creative Scotland for the year ended 31 March 2022 under the Public Services Reform (Scotland) Act 2010. The financial statements comprise the Group Statement of Comprehensive Net Expenditure, the Group Statement of Financial Position, the Statement of Group Cash Flows, the Statement of Changes in Group Taxpayers' Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Government Financial Reporting Manual (the 2021/22 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with the Public Services Reform (Scotland) Act 2010 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2022 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 2021/22 FReM; and
- have been prepared in accordance with the requirements of the Public Services Reform (Scotland) Act 2010 and directions made thereunder by the Scottish Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 26th January 2018. The period of total uninterrupted appointment is 5 years. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

I have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Risks of material misstatement

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

Responsibilities of the Accountable Officer for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

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

- obtaining an understanding of the applicable legal and regulatory framework and how the body is complying with that framework;
- identifying which laws and regulations are significant in the context of the body;
- assessing the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

The extent to which my procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

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

Reporting on regularity of expenditure and income

Opinion on regularity

In my opinion in all material respects the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers.

Responsibilities for regularity

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

Reporting on other requirements

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

I have audited the parts of the Remuneration and Staff Report described as audited. In my opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the Public Services Reform (Scotland) Act 2010 and directions made thereunder by the Scottish Ministers.

Other information

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

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

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

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

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

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Services Reform (Scotland) Act 2010 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Services Reform (Scotland) Act 2010 and directions made thereunder by the Scottish Ministers.

Matters on which I am required to report by exception

I am required by the Auditor General for Scotland to report to you if, in my opinion:

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Liz Maconachie, CPFA
Senior Audit Manager

Audit Scotland
8 Nelson Mandela Place
Glasgow G2 1BT

2 December 2022

Group Statement of Comprehensive Net Expenditure

For the year ended 31 March 2022

	Note	Creative Scotland		Group	
		2021/22	2020/21	2021/22	2020/21
		£'000s	£'000s	£'000s	£'000s
Income					
Project income	5	1,003	1,259	1,003	1,259
Other operating income	6	3,740	2,197	3,740	2,197
Sales revenue		-	-	1,581	508
		4,743	3,456	6,324	3,964
Expenditure					
Staff costs	7	6,939	6,888	6,939	6,888
Grant commitments	8	127,405	139,516	127,307	138,422
Less: de-commitment of prior year grants		(650)	(341)	(650)	(341)
Project expenditure	9	1,175	293	1,175	293
Other operating expenditure	10	3,144	2,631	4,823	4,233
Depreciation		121	187	121	187
		138,134	149,174	139,715	149,682
Net operating costs for the year		(133,391)	(145,718)	(133,391)	(145,718)
Other finance (costs) / income	18	(17)	(21)	(17)	(21)
		(17)	(21)	(17)	(21)
Net expenditure		(133,408)	(145,739)	(133,408)	(145,739)

Other comprehensive expenditure

	Creative Scotland		Group	
	2021/22	2020/21	2021/22	2020/21
	£'000s	£'000s	£'000s	£'000s
Retained deficit for the financial year	(133,408)	(145,739)	(133,408)	(145,739)
Actuarial gain/(loss) on the Strathclyde Pension Fund	1,489	271	1,489	271
Capital grant net income	(30)	(29)	(30)	(29)
Net gain/(loss) on revaluation of property	(76)	8	(76)	8
Total comprehensive expenditure	(132,025)	(145,489)	(132,025)	(145,489)

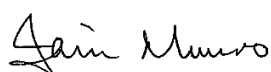
The notes on pages 48-71 form part of these accounts.

Group Statement of Financial Position

As at 31 March 2022

	Note	Creative Scotland		Group	
		2021/22	2020/21	2021/22	2020/21
		£'000s	£'000s	£'000s	£'000s
Non-current assets					
Property, plant and equipment	12	1,406	1,550	1,406	1,550
Intangible assets	13	-	-	-	-
Total non-current assets		1,406	1,550	1,406	1,550
Current assets					
Trade and other receivables	14	2,358	2,190	2,154	2,238
Cash and cash equivalents	15	50,203	26,015	50,520	26,182
Total current assets		52,561	28,205	52,674	28,420
Total assets		53,967	29,755	54,080	29,970
Current liabilities					
Trade and other payables	16	(50,997)	(26,533)	(51,110)	(26,748)
Provisions	19	(167)	(223)	(167)	(223)
Total current liabilities		(51,164)	(26,756)	(51,277)	(26,971)
Non-current assets plus net current assets		2,803	2,999	2,803	2,999
Non-current liabilities					
Provisions	19	(105)	(464)	(105)	(464)
Other payables	16	(276)	(389)	(276)	(389)
Pension assets/(liabilities)	18	530	(724)	530	(724)
Total non-current liabilities		149	(1,577)	149	(1,577)
Assets less liabilities		2,952	1,422	2,952	1,422
Reserves					
General fund		2,752	1,146	2,752	1,146
Revaluation reserve		200	276	200	276
Total reserves		2,952	1,422	2,952	1,422

The Accountable Officer authorised these financial statements for issue on 2 December 2022.



Iain Munro
Chief Executive and Accountable Officer
2 December 2022

The notes on pages 48-71 form part of these accounts.

Statement of Group Cash Flows

For the year ended 31 March 2022

	2021/22	2020/21
	£'000s	£'000s
Cash flows from operating activities		
Net expenditure	(133,408)	(145,739)
<i>Adjustments for non-cash items</i>		
Adjustments for IAS 19	235	146
Depreciation on property, plant and equipment	121	162
Amortisation of intangible fixed assets	-	25
Capital grants released	(30)	(29)
<i>Movements in working capital</i>		
(Increase)/decrease in trade and other receivables	84	414
Increase/(decrease) in trade and other payables	24,249	15,124
<i>Movements in provisions</i>		
Increase/(decrease) in provisions	(415)	(43)
Net cash outflow from operating activities	(109,164)	(129,940)
Cash flows from investing activities		
Purchase of property, plant and equipment	(53)	-
Purchase of intangible assets	-	-
Net cash outflow from investing activities	(53)	-
Cash flows from financing activities		
Scottish Government grant-in-aid received	133,555	145,371
Net increase in cash and cash equivalents	24,338	15,431
Cash and cash equivalents at the beginning of the period	26,182	10,751
Cash and cash equivalents as the end of the period	50,520	26,182

The notes on pages 48-71 form part of these accounts.

Statement of Changes in Group Taxpayers' Equity

For the year ended 31 March 2022

	General Fund £'000s	Revaluation Reserve £'000s	Total £'000s
Balance as at 31 March 2020	1,273	267	1,540
Changes in taxpayers' equity 2020/21			
Actuarial gain	270	-	270
Retained deficit	(145,739)	-	(145,739)
Grant in Aid transfer	145,371	-	145,371
Revaluation of property	-	9	9
Movement in capital grant	(29)	-	(29)
Balance as at 31 March 2021	1,146	276	1,422
Changes in taxpayers' equity 2021/22			
Actuarial gain	1,489	-	1,489
Retained deficit	(133,408)	-	(133,408)
Grant in Aid transfer	133,555	-	133,555
Revaluation of property	-	(76)	(76)
Movement in capital grant	(30)	-	(30)
Balance as at 31 March 2022	2,752	200	2,952

The notes on pages 48-71 form part of these accounts.

Notes to the financial statements

(Forming part of the financial statements)

1 Accounting policies

1.1 Basis of accounting and preparation

In accordance with the accounts direction issued by Scottish Ministers under section 13(1) of Schedule 9 of the Public Services Reform (Scotland) Act 2010, these financial statements have been prepared in accordance with 2021/22 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) and IFRIC Interpretations as adapted or interpreted for the public-sector context.

The financial statements are prepared using accounting policies, and, where necessary, estimation techniques, which are selected as the most appropriate for the purpose of giving a true and fair view in accordance with the principles, set out in International Accounting Standard 8: *Accounting Policies, Changes in Accounting Estimates and Errors*. Changes in accounting policies which do not give rise to a prior year adjustment are reported in the relevant note.

The particular policies adopted by Creative Scotland are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.2 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, and, where material, financial asset investments and inventories to fair value as determined by reference to their current costs.

The consolidated accounts (the Group) include the accounts of Creative Scotland and its wholly owned subsidiary company, Shorestage Limited for the year ending 31 March 2022.

1.3 Going Concern

These accounts have been prepared on the going concern basis. The Accountable Officer is of the view that the going concern basis remains appropriate. In common with similar public bodies, the future financing of Creative Scotland's liabilities will be met by future grants-in-aid approved by the Scottish Parliament.

1.4 Property, Plant & Equipment (PPE)

Recognition

All Property Plant and Equipment (PPE) assets will be accounted for as non-current assets, subject to the capitalisation limits noted below.

Assets classified as under construction are recognised in the statement of financial position to the extent that money has been paid or a liability has been incurred.

Capitalisation

The minimum levels for capitalisation of PPE assets per individual item or group of related items are as follows:

• Land, dwellings and other buildings	£10,000
• Leasehold improvements	£10,000
• Plant and machinery	£5,000
• Furniture, fixtures and fittings	£5,000
• ICT systems	£5,000

Measurement

Valuation

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

All assets are measured subsequently at fair value as follows:

Land and buildings have been stated at fair value using open market value for existing use, under a 3-year programme of professional valuations and appropriate indices in intervening years.

All other property, plant and equipment assets are valued at fair value using the most appropriate valuation methodology available (for example, appropriate indices). A depreciated historical cost basis is used as a proxy for fair value in respect of such assets which have short useful lives or low values (or both).

Subsequent expenditure:

Subsequent expenditure is capitalised into an asset's carrying value when it is probable the future economic benefits associated with the item will flow to Creative Scotland and the cost can be measured reliably. Where subsequent expenditure does not meet these criteria, the expenditure is charged to the Statement of Comprehensive Net Expenditure. If part of an asset is replaced, then the part it replaces is de-recognised, regardless of whether or not it has been depreciated separately.

Revaluations and Impairment:

Increases in asset values arising from revaluations are recognised in the revaluation reserve, except where, and to the extent that, they reverse an impairment previously recognised in the Statement of Comprehensive Net Expenditure, in which case they are recognised as income. Movements on revaluation are considered for individual assets rather than groups or land/buildings together.

Decreases in asset values and impairments that are the result of a loss of economic value or service potential are taken to the Statement of Comprehensive Net Expenditure with any balance on the revaluation reserve to which the impairment would have been charged under International Accounting Standard 36, *Impairment of Assets*, being transferred to the general fund. Other impairments are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to the Statement of Comprehensive Net Expenditure.

Depreciation

Land is considered to have an indefinite life and is not depreciated.

Depreciation is provided at rates calculated to write off the valuation of buildings and other PPE assets on a straight-line basis, by equal annual instalments, over their estimated useful lives which are normally in the following ranges:

- Dwellings and other buildings - 35 years
- Leasehold improvements - life of the lease
- Plant and machinery - 5 years
- Furniture, fixtures and fittings - 5 - 10 years
- ICT systems - 3 years
- Motor vehicles - 4 years

1.5 Intangible Assets

Intangible assets are recognised where the costs can be measured reliably and there is a clear future economic benefit attributable from the asset.

Intangible assets are valued initially at cost and subsequently at fair value.

Non-income generating assets are carried at depreciated replacement cost. These valuation methods are considered to be a proxy for fair value.

Future economic benefit has been used as the criteria in assessing whether an intangible asset meets the definition and recognition criteria of International Accounting Standard 38, *Intangible Assets* where assets do not generate income. IAS 38 defines future economic benefit as, 'revenue from the sale of products or services, cost savings, or other benefits resulting from the use of the asset by the entity.'

Intangible assets are amortised to their estimated residual value over their remaining useful economic lives in a manner consistent with the consumption of economic or service delivery benefits.

Amortisation is provided at rates calculated to write off the valuation of intangible assets on a straight-line basis, by equal annual instalments, over their estimated useful lives which are normally in the following ranges:

- Software - 4 years
- Website development - 3 years

Intangible assets under development are not amortised.

1.6 Financial instruments

Creative Scotland measures and presents financial instruments in accordance with International Accounting Standards 32 and 39 and International Financial Reporting Standard 7 as interpreted by the Government Financial Reporting Manual (FRM). IFRS 7 requires the classification of financial instruments into separate categories for which the accounting treatment is different. Creative Scotland has classified its financial instruments as follows:

Financial Assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets. Receivables comprise cash and cash equivalents, trade and other receivables and loans to creative organisations. Receivables are recognised at cost. A provision for impairment of loans and receivables is established when there is objective evidence that the Board will not be able to collect all amounts due according to the original terms of the receivables.

Other financial liabilities

Other financial liabilities are included in current liabilities or non-current liabilities as appropriate. Creative Scotland's other financial liabilities comprise trade and other payables. Other financial liabilities are recognised at cost.

Recognition and measurement

Financial liabilities are recognised when Creative Scotland becomes party to the contractual provisions of the financial instrument. A financial liability is removed from the statement of financial position when it is extinguished, that is when the obligation is discharged, transferred, cancelled or expired.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

1.7 Recognition of income

Incoming resources are recognised when the organisation is entitled to the income, is reasonably certain of the receipt and can measure the income with reasonable accuracy. Where the income relates to the performance of a service over a defined period any amount relating to future periods would be included as deferred income at the end of the financial year. Grant-in-aid from the Scottish Ministers is classified as funding and is credited to the general fund when drawn down from the Scottish Government. Any element of the grant-in-aid funding that relates to capital expenditure is recognised in restricted funds. Other incoming resources are included within the category in the Statement of Comprehensive Net Expenditure most appropriate to the nature of the activity.

1.8 Resources Expended

Resources expended are included in the financial statements on an accruals basis. The expenditure is included in the category most appropriate to the nature of the expenditure. Grants are recognised when these are approved unless there are conditions which may reasonably stop the payment of future instalments of the grant. Projects awarded over a multi-year basis are accounted for on an annualised basis whereby awards are spread across the financial years of the project.

1.9 Pensions

Creative Scotland participates in two pension schemes providing benefits based on final pensionable pay, the Strathclyde Pension Fund (SPF) and Arts Council Retirement Plan 1994. Both schemes are available to staff of more than one employer, are contracted out of the State Earnings-Related Pension Scheme, and the assets of the schemes are held separately from those of Creative Scotland. The Funds are valued by actuaries, the rates of contributions being determined by the trustees on the advice of the actuaries.

Strathclyde Pension Scheme

Creative Scotland is an admitted body of the Strathclyde Pension Fund which is a defined benefits pension scheme. The scheme is no longer open to new employees of Creative Scotland.

Pension scheme assets are measured using market values. For quoted securities, the current bid price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between the income and expenditure account and, in the Statement of Other Comprehensive Expenditure.

Arts Council Retirement Plan 1994

The Arts Council Retirement Plan 1994 provides defined benefits based on final pensionable pay and covers a number of UK arts organisations. Creative Scotland is unable to identify its share of the underlying notional assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were a defined contribution scheme, as required by IAS 19, *Employee Benefits* (revised). As a result, the amount charged to the Statement of Comprehensive Net Expenditure represents the employer contributions payable to the scheme in respect of the year.

The pension cost is assessed every three years by an actuary who determines the rate of contributions required. The most recent actuarial valuation took place in the year to 31 March 2022.

1.10 Leases

Where substantially all the risks and rewards of ownership of a leased property are borne by the entity, it should be recorded as a non-current asset and a corresponding obligation recorded in respect of the debt due to the lessor, with the interest element of the finance lease payment charged to the Statement of Comprehensive Net Expenditure. Rentals payable in respect of operating leases are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease.

1.11 Provisions

Provisions are made for legal or constructive obligations which are of uncertain timing or amount at the statement of financial position date on the basis of the best estimate of the expenditure required to settle the obligation. Where material they have been discounted using the appropriate discount rate as prescribed by HM Treasury.

1.12 Taxation and VAT

Creative Scotland is not registered for VAT as its activities fall outside the scope of VAT and therefore does not charge VAT on supplies or reclaim VAT on eligible expenditure.

Creative Scotland is liable for corporation tax on its taxable activities. Corporation tax figures for charges and liabilities have been based on the advice of our tax advisors and correspondence with Her Majesty's Revenue and Customs.

1.13 Short Term Employee Benefits

A liability and an expense are recognised for holiday days, holiday pay, non-consolidated performance related pay and other short-term benefits when the employees render service that increases their entitlement to these benefits. As a result, an accrual has been made for holidays earned but not taken.

1.14 Standards issued not yet effective (IFRS 16, Leases)

The International Accounting Standards Board (IASB) has issued the final version of IFRS 16 which will replace IAS 17 for annual periods beginning on or after 1 January 2019. The Government Financial Reporting Manual has deferred implementation of this standard until 1 April 2022, it therefore does not affect the 2021-22 financial statements. The full impact of the introduction of this standard will require assets and liabilities to be increased by the same amount, as operating leases will be treated in the same way as finance leases. IFRS 16 will be adopted for the first time in 2022/23 with 2021/22 forming a comparative year.

2 Critical accounting estimates and judgements

The following critical accounting estimates and judgements in the accounts are as follows:

- The present value of pension obligations is dependent on actuarial valuations, which are based on assumptions for the discount rate, the rate of inflation, and the rate of future salary and pension increases. These are set out in Note 18, and the sensitivities to any changes in the assumptions used and the impact on the obligation and monetary value are disclosed on page 66.
- Creative Scotland has recognised provisions for dilapidations on rented premises. These provisions are based on expert valuations and are subject to agreement with landlords.
- Creative Scotland recharges applicable operating costs to the Creative Scotland National Lottery Distribution Fund. This is based on management's judgement of the most appropriate recharge rate based on a number of factors, including the proportion of income from each fund over the medium term of operations. The recharge for the year was 32.5% for salaries and 40% for other operating costs (2020/21: 25% for salaries and 40% for all applicable operating costs). The recharge rate for the 2021/22 financial year reflects the level of administration for COVID-19 emergency response programmes, all of which were funded from grant-in-aid. A number of NLDF grant programmes were also delayed due to the impact of the lockdown and due to staff working on the emergency funds. As a result, the Senior Leadership Team approved a reduced recharge for salaries for 2021/22.

3 Reconciliation of net expenditure to grant-in-aid

	£'000s
Net expenditure per Group SoCNE	(133,408)
Add: non-cash items	326
Capital additions	(53)
Additional payments to the Arts Council Retirement Plan (1994)	(410)
Grant-in-aid for 2021/22	133,555
Net surplus for the year to 31 March 2022	<u>10</u>

The grant-in-aid allocated to Creative Scotland for the year to 31 March 2022 was £133.6 million, all of which was drawn down in cash during the year. Creative Scotland operated within its grant-in-aid cash allocation, with only a small variance for the year (<0.01%).

4 External auditor's remuneration

	2021/22	2020/21
	£'000s	£'000s
External audit remuneration	48	47
Total external auditor's remuneration	<u>48</u>	<u>47</u>

The above audit fee amounts represent amounts paid to Audit Scotland for the provision of external audit during the year.

5 Project income

	Creative Scotland		Group	
	2021/22	2020/21	2021/22	2020/21
	£'000s	£'000s	£'000s	£'000s
Creative Europe	4	34	4	34
CashBack for Creativity	-	8	-	8
Royal Edinburgh Military Tattoo	-	207	-	207
City of Edinburgh Council	968	1,000	968	1,000
British Film Institute	31	-	31	-
Other	-	10	-	10
	1,003	1,259	1,003	1,259

Project income for the Creative Europe programme is received from the European Commission via the British Film Institute. The project ended on 31 March 2021. City of Edinburgh Council funding relates to the Platform for Creative Excellence (PLACE) programme.

6 Other operating income

	Creative Scotland		Group	
	2021/22	2020/21	2021/22	2020/21
	£'000s	£'000s	£'000s	£'000s
Recharges to Creative Scotland NLDF	3,168	1,881	3,168	1,881
Amortisation of capital grant	30	29	30	29
Event space rental income	157	153	157	153
Office space rental income	110	109	110	109
Miscellaneous	1	25	1	25
Award repayments	274	-	274	-
	3,740	2,197	3,740	2,197

Award repayments represent payments due to the Fund from royalties etc. from investments in film and media productions.

7 Staff costs

	2021/22	2020/21
	£'000s	£'000s
Staff costs during the year		
Wages and salaries	4,918	4,903
Social security costs	481	493
Pension costs	1,268	1,144
Apprenticeship levy	10	10
Movement in holiday pay accrual	6	15
Other staff related costs: temporary staff	262	310
ACRP Deficit Contribution	(6)	13
	6,939	6,888

The amount recharged in respect of the National Lottery Distribution Fund's share of Creative Scotland's payroll costs was £2.2 million (32.5% of eligible staff costs) (2020-21: £1.2 million, 25%). A more detailed analysis of staff costs is included in the Remuneration and Staff Report (page 33).

8 Grant commitments

	2021/22	2020/21
	£'000s	£'000s
Regular Funded Organisations	30,774	33,205
Open Project Funding	4,153	4,021
Scottish Government - Restricted Funds		
Youth Music Initiative (YMI) & Youth Arts	8,928	12,146
Expo Fund	2,002	1,802
Festivals Edinburgh	200	197
Platform for Creative Excellence (PLACE)	4,067	1,968
Demarco Archive	-	20
Alasdair Gray Archive	15	-
Total Scottish Government - Restricted Funds	15,212	16,133
Capital Grants	-	11,000
COVID-19 Response Funds		
Culture Organisations & Venue Recovery Fund	8,331	13,131
Performing Arts Venue Relief Fund	8,949	12,196
Hardship Funds	15	16,905
Culture Collective	4,242	5,892
Independent Cinemas	3,197	5,531
Grassroots Music Venue Relief Fund	-	6,200
Bridging Bursaries	-	2,568
COVID Targeted Funds	-	3,801
Recovery Fund for Cultural Organisations	20,840	-
Hardship Fund 2022	7,532	-
Cancellation Fund	16,138	-
Total COVID-19 Response Funds	69,244	66,224
Targeted – Arts and Engagement		
Royal Edinburgh Military Tattoo	-	197
Scotland in Venice	-	240
Creative Wellbeing	-	70
Creative Learning – Strategic Development	-	5
Sector Development – Craft	-	10
Sector Development – Dance	23	15
Sector Development – Music	-	4
Sector Development – Literature	45	-
Sector Development – Visual Arts	17	-
International Market Development	4	-
Declaration of Arbroath 2020+1	38	-
TTS Youth Engagement – NYAGG	20	-
Targeted – Screen Scotland		
Audience Development	257	-

Broadcast Content Fund	2,790	2,300
Distribution and Exhibition Fund	13	-
Infrastructure	98	897
Production Growth Fund	2,250	3,410
Markets and Festivals Fund	57	-
Skills and Talents	955	-
Strategic Partnerships	225	627
Professional Development Fund	15	64
Talent	106	258
Business and Market Development	27	133
Film Education	25	-
Montrose Playhouse	190	-
Screen EDI	48	-
Targeted – Creative Industries		
Creative Industries	38	182
Sector Organisations	300	300
Targeted – Strategy		
EDI	147	62
Gaelic Arts Development	13	-
Traditional Arts Development	43	-
Targeted – Other		
Strategic Fund	91	90
Culture Counts	-	69
Culture @ COP26	50	-
Climate Beacons	100	-
Environment	37	-
Total Targeted Funding	8,022	8,933
Total Grant Commitments for the Year	127,405	139,516

9 Project expenditure

	2021/22	2020/21
	£'000s	£'000s
Scottish Government - Restricted Funds		
Youth Music Initiative	94	(4)
COVID-19 Response Funds		
Sectoral Hardship Fund	(8)	12
Culture Collective	1	-
Targeted – Arts and Engagement		
CashBack for Communities	-	8
Targeted – Screen		
Broadcast Content Fund	(46)	(37)
Infrastructure	836	203
Screen Commission	274	185

Screen Commission (International Markets and Industry Events)	-	2
Talent		(92)
Business and Market Development	10	3
Markets and Festivals Fund	6	-
Skills	5	-
COVID Skills Recovery Project	3	
Targeted – Other		
Creative Europe	-	13
Total project expenditure	1,175	293

10 Other operating expenditure

	Creative Scotland		Group	
	2021/22	2020/21	2021/22	2020/21
	£'000s	£'000s	£'000s	£'000s
HR	139	94	139	94
Office Services	61	39	61	39
Estates	720	803	720	803
Finance	130	102	130	102
Legal and contracts	103	130	103	130
ICT	1,090	765	1,090	765
Communications	246	43	246	43
Board and committee expenses	43	24	43	24
Central services	304	372	304	372
Marketing	55	5	55	5
Knowledge and Research	222	237	222	237
External assessors	31	17	31	17
Shorestage Limited	-	-	1,679	1,602
Total other operating expenditure	3,144	2,631	4,823	4,233

11 Corporation Tax

Corporation tax is due on the bank interest received in the year based on the standard rate of corporation tax for the year. For the year ending 31 March 2022, no corporation tax was payable to HMRC.

12 Property, plant and equipment

	Land	Buildings	Buildings Leasehold	Fixtures and Fittings	IT Equipment	Creative Scotland Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Cost						
1 April 2021	510	751	992	73	250	2,576
Revaluation	(10)	(126)	-	-	-	(136)
Additions	-	-	-	-	53	53
Disposals	-	-	-	-	-	-
31 March 2022	500	625	992	73	303	2,493
Depreciation						
1 April 2021	-	43	683	73	227	1,026
Revaluation	-	(60)	-	-	-	(60)
Charge for the year	-	17	64	-	40	121
Disposals	-	-	-	-	-	-
31 March 2022	-	-	747	73	267	1,087
NBV						
31 March 2022	500	625	245	-	36	1,406
Prior year						
	Land	Buildings	Buildings Leasehold	Fixtures and Fittings	IT Equipment	Creative Scotland Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Cost						
1 April 2020	507	746	992	73	250	2,568
Revaluation	3	5	-	-	-	8
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
31 March 2021	510	751	992	73	250	2,576
Depreciation						
1 April 2020	-	21	577	71	195	864
Revaluation	-	-	-	-	-	-
Charge for the year	-	22	106	2	32	162
Disposals	-	-	-	-	-	-
31 March 2021	-	43	683	73	227	1,026
NBV						
31 March 2021	510	708	309	-	23	1,550

Land and buildings were revalued at 31 March 2022, by J&E Shepherd, Chartered Surveyors, on the basis of open market value for existing use.

13 Intangible assets

	Computer software	Website	Work in progress	Total
	£'000s	£'000s	£'000s	£'000s
Cost				
1 April 2021	409	237	-	646
Revaluation	-	-	-	-
Additions	-	-	-	-
Transfers	-	-	-	-
Disposals	-	-	-	-
31 March 2022	409	237	-	646
Amortisation				
1 April 2021	409	237	-	646
Revaluation	-	-	-	-
Charge for the year	-	-	-	-
Disposals	-	-	-	-
31 March 2022	409	237	-	646
NBV				
31 March 2022	-	-	-	-

Prior year	Computer software	Website	Work in progress	Total
	£'000s	£'000s	£'000s	£'000s
Cost				
1 April 2020	409	237	-	646
Revaluation	-	-	-	-
Additions	-	-	-	-
Transfers	-	-	-	-
Disposals	-	-	-	-
31 March 2021	409	237	-	646
Amortisation				
1 April 2020	409	212	-	621
Revaluation	-	-	-	-
Charge for the year	-	25	-	25
Disposals	-	-	-	-
31 March 2021	409	237	-	646
NBV				
31 March 2021	-	-	-	-

14 Trade receivables and other current assets

	Creative Scotland		Group	
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	£'000s	£'000s	£'000s	£'000s
Trade receivables	1	83	294	151
Due from Creative Scotland NLDF	1,005	1,122	1,005	1,122
Prepayments and accrued income	753	553	808	856
Grant advances	595	429	20	106
Staff advances and loans	2	3	2	3
Other	2	-	2	-
VAT due from HMRC	-	-	23	-
	2,358	2,190	2,154	2,238

Trade receivables and other current assets can be analysed as:

	Creative Scotland		Group	
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	£'000s	£'000s	£'000s	£'000s
Balances with other Central Government bodies	31	80	34	80
Balances with Local Authorities	250	250	250	478
Balance with Creative Scotland NLDF	1,005	1,122	1,005	1,122
Total intra Government balances	1,286	1,452	1,289	1,680
Balances with bodies external to Government	1,072	738	845	558
	2,358	2,190	2,134	2,238

15 Cash and cash equivalents

	Creative Scotland		Group	
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	£'000s	£'000s	£'000s	£'000s
Balance at 1 April	26,015	10,679	26,182	10,751
Net change in cash and cash equivalent balances	24,188	15,336	24,338	15,431
Balance at 31 March	50,203	26,015	50,520	26,182

The following balances at 31 March were held at:

Government Banking Service	50,203	26,015	50,203	26,015
Commercial banks	-	-	317	167
Cash in hand	-	-	-	-
Balance at 31 March	50,203	26,015	50,520	26,182

16 Trade payables and other current liabilities

	Creative Scotland		Group	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	£'000s	£'000s	£'000s	£'000s
Amounts falling due within one year:				
Trade payables	186	431	231	580
Grants outstanding	50,080	25,102	50,080	25,102
Accruals	655	940	723	940
Deferred income	76	60	76	117
VAT due to HMRC	-	-	-	9
	50,997	26,533	51,110	26,748
Amounts falling due after one year:				
Other payables, accruals and deferred income	276	389	276	389
	276	389	276	389

Trade payables and other current liabilities can be analysed as:

	Creative Scotland		Group	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	£'000s	£'000s	£'000s	£'000s
Balances with other Central Government bodies	129	311	129	320
Balances with Local Authorities	6,347	8,325	6,347	8,325
Total intra Government balances	6,476	8,636	6,476	8,645
Balances with bodies external to government	44,797	18,286	44,910	18,492
	51,273	26,922	51,386	27,137

17 Commitments under operating leases

At 31 March 2022, Creative Scotland had future minimum lease payments under non-cancellable operating leases relating to annual rent for premises at Waverley Gate, 2-4 Waterloo Place, Edinburgh; and The Lighthouse, 11 Mitchell Lane, Glasgow.

There are two leases at Waverley Gate: one is for a period of 15 years from the date of entry of 20 October 2010 with no break option; the other is for a period of 13 years from 18 July 2012 with no break option. The lease at The Lighthouse, Glasgow was for a period of 5 years from 1 April 2016 and was extended another year to 31 March 2022.

Shorestage Limited has a short-term lease on a property at Bath Road, Leith, which runs to 30 June 2022.

	Creative Scotland		Group	
	31 March	31 March	31 March	31 March
	2022	2021	2022	2021
	£'000s	£'000s	£'000s	£'000s
Operating leases commitments				
Not later than 1 year	569	569	656	832
Later than 1 year and not later than 5 years	1,273	1,789	1,273	1,789
Later than 5 years	-	-	-	-

18 Pension schemes

Creative Scotland participates in two defined benefit schemes: the Strathclyde Pension Fund and the Arts Council Retirement Plan (1994). Past employees of Scottish Screen are covered by the provisions of the Strathclyde Pension Scheme. On 1 July 2010, the Strathclyde Pension scheme was closed to new members and all new employees are admitted to the Arts Council Retirement Plan (1994).

The schemes are funded by payments from Creative Scotland and its employees to the trust administered funds, independent of Creative Scotland's finances. Contributions to the scheme are charged to the Statement of Comprehensive Net Expenditure to spread the cost of pensions over employees' working lives with the company.

Strathclyde Pension Fund

These figures are prepared by the Actuaries in accordance with IAS 19. As required under IAS 19, the actuaries have used the projected unit credit method of valuation to measure the pension obligations at 31 March 2022. The last full actuarial valuation of the Strathclyde Pension Fund was carried out on 31 March 2020.

Period ended 31 March 2022	Assets	Obligations	Net (liability)/ asset
	£'000s	£'000s	£'000s
Fair value of employee assets	10,789	-	10,789
Present value of funded liabilities	-	11,513	(11,513)
Present value of unfunded liabilities	-	-	-
Opening Position as at 31 March 2021	10,789	11,513	(724)
Service cost			
- Current service cost	-	327	(327)
- Past service cost	-	-	-
- Effect of settlements	-	-	-
Total service costs	-	327	(327)
Net interest			
- Interest income on plan assets	215	-	215
- Interest cost on defined benefit obligation	-	232	(232)
Total net interest	215	232	(17)
Total defined benefit cost recognised	215	559	(344)
Cashflows			
- Planned participants' contributions	46	46	-
- Employer contributions	109	-	109
- Contributions in respect of unfunded benefits	-	-	-
- Benefits paid	(224)	(224)	-
- Unfunded benefits paid	-	-	-
Expected closing position	10,935	11,894	(959)
Remeasurements			
- Change in demographic assumptions	-	(69)	69
- Change in financial assumptions	-	(830)	830
- Other experience	-	22	(22)
- Return on assets excluding amounts included in net interest	612	-	612
Total remeasurements recognised	612	(877)	1,489
Fair value of plan assets	11,547	-	11,547
Present value of funded obligations	-	11,017	(11,017)
Present value of unfunded obligations	-	-	-
Closing Position as at 31 March 2022	11,547	11,017	530

Period ended 31 March 2021	Assets	Obligations	Net (liability)/ asset
	£'000s	£'000s	£'000s
Fair value of employee assets	8,168	-	8,168
Present value of funded liabilities	-	9,017	(9,017)
Present value of unfunded liabilities	-	-	-
Opening Position as at 31 March 2020	8,168	9,017	(849)
Service cost			
- Current service cost	-	230	(230)
- Past service cost	-	-	-
- Effect of settlements	-	-	-
Total service costs	-	230	(230)
Net interest			
- Interest income on plan assets	187	-	187
- Interest cost on defined benefit obligation	-	208	(208)
Total net interest	187	208	(21)
Total defined benefit cost recognised	187	438	(251)
Cashflows			
- Planned participants' contributions	44	44	-
- Employer contributions	105	-	105
- Contributions in respect of unfunded benefits	-	-	-
- Benefits paid	(177)	(177)	-
- Unfunded benefits paid	-	-	-
Expected closing position	8,327	9,322	(995)
Remeasurements			
- Change in demographic assumptions	-	(266)	266
- Change in financial assumptions	-	2,452	(2,452)
- Other experience	605	5	600
- Return on assets excluding amounts included in net interest	1,857	-	1,857
Total remeasurements recognised	2,462	2,191	271
Fair value of plan assets	10,789	-	10,789
Present value of funded obligations	-	11,513	(11,513)
Present value of unfunded obligations	-	-	-
Closing Position as at 31 March 2021	10,789	11,513	(724)

Period Ended	31 March 2022	31 March 2021
Assumptions	% p.a.	% p.a.
Financial assumptions		
Pension Increase Rate (CPI)	3.20%	2.85%
Salary Increase Rate	3.90%	3.55%
Discount Rate	2.70%	2.00%
Mortality	Males	Females
Current Pensioners	19.6 years	22.4 years
Future Pensioners	21.0 years	24.5 years

Historic Mortality

Life expectancies for the prior period end are based on the Fund's VitaCurves. The allowance for future improvements are shown below:

- Future pensioners- CMI 2020 model, with a 0% weighting of 2020 data, standard smoothing (Sk7), initial adjustment of 0.5% and a long-term rate of 1.5% p.a.
- Current Pensioners- CMI 2020 model, with a 0% weighting of 2020 data, standard smoothing (Sk7), initial adjustment of 0.5% and a long-term rate of 1.5% p.a.

Assets

Asset Category	Quoted prices in active markets £'000s	Quoted prices not in active markets £'000s	Total £'000s	Percentage of Total Assets %
Equity Securities				
Consumer	540.4	0.5	540.9	5%
Manufacturing	507.1	1.7	508.8	4%
Energy and Utilities	119.3	0.9	120.2	1%
Financial Institutions	316.9	1.1	318.0	3%
Health and Care	384.7	1.2	385.9	3%
Information Technology	670.4	-	670.4	6%
Debt Securities	-	-	-	0%
Private Equity	-	2,260.5	2,260.5	20%
Real Estate				
UK Property	-	973.8	973.8	8%
Investment funds and unit trusts				
Equities	64.1	4,211.7	4,275.8	37%
Bonds	-	1,166.2	1,166.2	10%
Commodities	-	4.0	4.0	0%
Infrastructure	-	10.1	10.1	0%
Other	-	18.6	18.6	0%
Derivatives				
Other	-	-	-	0%
Cash and Cash Equivalents	289.9	3.9	293.8	3%
Total	2,893	8,654	11,547	100%

Projected defined benefit cost for the period to 31 March 2023

	Assets	Obligations	Net (liability)/ asset
	£'000s	£'000s	£'000s
Service cost	-	294	(294)
Interest income on plan assets	311	-	311
Interest cost on defined benefit obligation	-	299	(299)
Total included in the Group SoCNE	311	593	(282)

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased/ (decreased) as a result of a change in the respective assumptions by 0.5% percent. In valuing the liabilities of the pension fund at 31 March 2022, mortality assumptions have been made as indicated below. The table below also shows the effect of changing life expectancy to assume that all members of the fund lived for one year longer.

Sensitivity analysis

Change in assumptions at 31 March 2022:	Approximate increase to Employer Obligation	Approximate monetary amount (£000)
0.1 % decrease in Real Discount Rate	2%	226
1 year increase in member life expectancy	4%	441
0.1% increase in Salary Increase Rate	0%	25
0.1% increase in Pension Increase Rate (CPI)	2%	199

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 31 March 2020 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

Arts Council Retirement Plan (1994)

The Arts Council Retirement Plan (1994) is a multi-employer defined benefit scheme of which the following bodies are members: Arts Council England; Arts Council of Wales; Creative Scotland, Creative, Culture and Education; the Crafts Council; and Tŷ Cerdd. Although it is a defined benefit scheme, Creative Scotland has received advice from advisors, Hymans Robertson LLP that the share of assets and liabilities applicable to each employer could not be separately identified. The Arts Council Retirement Plan (1994) pension costs are therefore accounted for on a defined contribution basis as permitted by International Accounting Standard 19, Employee Benefits (IAS 19).

Contributions by each employer to the Plan are set out in a schedule of contributions which is agreed between the members of the Plan and the actuaries, which took effect on 1 April 2017. The contributions are

set on recommendation from the actuary to meet the expected costs of benefits payable from the plan. Creative Scotland is not generally liable for the other member's liabilities under the scheme, although there is no split of assets or liabilities under the current scheme rules. If any member were to leave the scheme, then they would need to cover any payments to the Plan relating to the liabilities for their members. The pension liabilities relating to a member's service with the Scottish Arts Council are guaranteed by the Scottish Ministers.

Creative Scotland's participation in the plan at the latest available date 31 March 2022 is shown below.

	Arts Council Retirement Plan (1994)- Total	Creative Scotland members- total (% of Plan)
Total members	2,624	332 (12.65%)

19 Provisions

	2022 Dilapidations	2022 Pension Deficit	2022 Total	2021 Total
	£'000s	£'000s	£'000s	£'000s
1 April	272	415	687	730
Arising in the year	-	-	-	13
Utilised in the year	-	(415)	(415)	(56)
Reversal	-	-	-	-
31 March	<u>272</u>	<u>-</u>	<u>272</u>	<u>687</u>
Of which:				
Due within one year	167	-	167	223
Due greater than one year	105	-	105	464
	<u>272</u>	<u>-</u>	<u>272</u>	<u>687</u>

The Dilapidation provision relates to the costs of reinstatement under the leases for our former Glasgow office and current Edinburgh office and is based on externally commissioned reports. We have now exited from the former Glasgow office and are negotiating the final dilapidation payments with the landlords.

20 Financial instruments

Creative Scotland has exposure to the following risks from the use of financial instruments:

- Liquidity risk
- Credit risk
- Market risk

This note presents information about Creative Scotland's exposure to each of the above risks. Further quantitative disclosures are included throughout these accounts.

The Board has overall responsibility for the establishment and oversight of the organisation's risk management framework. The Audit and Risk committee oversees how management monitors compliance with Creative Scotland's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks faced by Creative Scotland.

Creative Scotland does not utilise complex derivative financial assets or liabilities.

Fair values

There is no difference between the carrying value and fair value of Creative Scotland's financial instruments.

Liquidity risk

Liquidity risk is the risk that Creative Scotland will not be able to meet its financial obligations as they fall due. The organisation's approach to managing liquidity is to ensure that it will have sufficient liquid funds to meet its liabilities as they fall due. Creative Scotland's primary source of liquidity is the grant-in-aid provision from the Scottish Government.

Liquidity is managed by the use of the annual corporate and operational plan process and the monitoring of actual performance against budgets and forecasts.

Credit risk

Credit risk is the risk of financial loss to Creative Scotland if a customer or counter party fails to meet its contractual obligations.

Trade receivables are not a significant balance for Creative Scotland. Outstanding balances are reviewed regularly and subject to established credit control procedures.

Cash and cash equivalents are held with the National Westminster Bank plc (through the Government Banking Service contract). The credit risk for these deposits is considered to be low as the bank is majority owned by the UK government.

Although Creative Scotland's exposure to credit risk is likely to have increased in the current economic climate, management do not consider this to have had a significant impact.

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the balance sheet.

All trade receivables were either not past due or were within 30 days at the year end. No impairment of trade and other receivables has been made. Management consider all receivables to be fully recoverable.

Market risk

Market risk is the risk that market prices such as interest rates, foreign exchange rates and equity prices will affect income or the value of holdings in financial instruments. Creative Scotland's exposure to market risk is low as we do not depend on income from financial instruments.

Foreign exchange risk

Creative Scotland is exposed to currency risk on transactions and balances that are denominated in currencies other than sterling. Creative Scotland is exposed to currency risks from its activities conducted overseas but does not enter into any hedge arrangements and does not consider currency risk to be material.

21 Related party transactions

All transactions with related parties are completed at arm's length and the relevant party does not take part in the decision.

Related party transactions in respect of Creative Scotland's National Lottery Distribution Fund are detailed in the Fund's financial statements for the year ended 31 March 2022. During the year, Creative Scotland invoiced the National Lottery Distribution Fund for £3.2 million in respect of recharges for the year for staff, overhead and related costs (see Note 6).

The Scottish Government's Directorate of Culture, External Affairs and Tourism is regarded as a related party. During the year, Creative Scotland had various material transactions with the Scottish Government Culture, Tourism and Major Events Directorate relating to grant-in-aid (Note 3).

Shorestage Limited (SC616389) is a company controlled by Creative Scotland. The directors for the company are the Chief Executive and the Director of Finance. During the year, Creative Scotland provided the company with a grant of £350,000 (2020/21: £1,220,000) for the purposes of developing a film studio at 31 Bath Road, Leith in Edinburgh. The grant was drawn down in full, with an intragroup balance of £523,000 from Shorestage Limited to Creative Scotland as at 31 March 2022.

The following related party transactions were incurred during 2021/22 in relation to board members of Creative Scotland.

Board member	Related party	Awards made 2021/22
Robert Wilson	The Jupiter Artland Company Limited (Director)	£226,272 Recovery Fund for Cultural Organisations
Elizabeth Partyka	STV Studios Limited (Shareholding in STV plc)	£50,000 Broadcast content fund
Ewan Angus	BAFTA Scotland (Chairman)	£65,000 Screen- Talent Fund
David Strachan	Dunedin Consort Trust (Director)	£100,000 Regular Funding £127,682 Recovery Fund for Cultural Organisations
Duncan Cockburn	Aberdeen Performing Arts (Director)	£333,333 Regular Funding £242,434 Recovery Fund for Cultural Organisations
	Sound (Director)	£100,000 Open Fund for Organisations £44,365 Recovery Fund for Cultural Organisations
Duncan Hendry	Lung Ha Theatre Company (Chairman)	£146,818 Regular Funding £33,336 Recovery Fund for Cultural Organisations

	Eden Court Theatre (Trustee)	£500,000 Regular Funding £242,434 Recovery Fund for Cultural Organisations £165,395 Cinema Recovery Fund £26,600 Youth Arts Bursary Fund
	Edinburgh International Jazz and Blues Festiva (Trustee)	£210,032 Recovery Fund for Cultural Organisations £120,000 Expo Fund
	Campaign Board Member King's Theatre Edinburgh (Fundraising committee for the redevelopment of the King's Theatre)	£242,434 Recovery Fund for Cultural Organisations (for Capital Theatres)
Carol Main	Live Music Now Scotland (Director)	£100,000 Open Fund for Organisations £49,156 Recovery Fund for Cultural Organisations
	The Night With... (Chair)	£19,395 Recovery Fund for Cultural Organisations

22 Subsidiary undertakings

Creative Scotland has invested £1 in ordinary share capital in Shorestage Limited as at 31 March 2022. Related party disclosures are disclosed in Note 21.

23 Contingent Liabilities

The valuation of defined benefit and unfunded liabilities at 31 March 2022, as disclosed in Note 18 does not include an allowance for a potential 'past service cost' in light of the recent judgement by the Supreme Court of the United Kingdom on Guaranteed Minimum Pension (GMP) equalisation. The ruling requires pension schemes, such as the Strathclyde Pension Fund, to equalise the effect of unequal GMPs accrued between May 1990 and April 1997 by virtue of them having been paid to scheme members at different ages (65 for men, 60 for women). In acknowledging that no definitive method for equalisation has been set and given actuarial advice that the trigger for recognition of the past service cost did not exist in the Strathclyde Pension Fund at 31 March 2022, Creative Scotland is unable to reliably quantify an associated contingent liability.

24 Post Balance Sheet Events

In April 2022, Creative Scotland's subsidiary, Shorestage Limited, entered into a long-term lease with Forth Ports and a sublease with Firststage Studios Limited with regards to the property at 31 Bath Road, Leith. The sub lease is backdated to entry on 5 September 2021.

Accounts Direction



**CREATIVE SCOTLAND
DIRECTION BY THE SCOTTISH MINISTERS**

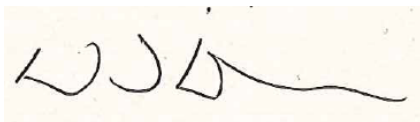
The Scottish Ministers, in pursuance of section 13(1) of Schedule 9 of the Public Services Reform (Scotland) Act 2010 hereby give the following direction.

The statement of accounts for the financial year ended 31 March 2012, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.

The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.

This direction shall be reproduced as an appendix to the statement of accounts.

Signed by the authority of the Scottish Ministers



Dated

25 Jan. 2012