



Creative Scotland

National Lottery Distribution Fund

Annual Report and Accounts

For the year ended 31 March 2020

HC 1063

SG/2020/268



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Presented to Parliament pursuant to Section 34 (3) of the National Lottery etc. Act 1993

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Contents

Performance Report.....	3
Joint Report by the Chair and the Chief Executive	3
Performance Analysis	14
Accountability Report	19
Corporate Governance Report	19
Director's Report	19
Statement of Accountable Officer's responsibilities	23
Governance Statement	24
Remuneration and staff report.....	28
Independent auditor's report to the members of Creative Scotland, the Auditor General for Scotland and the Scottish Parliament.....	35
Statement of Comprehensive Net Income.....	38
Statement of Financial Position.....	39
Statement of Cash Flows	40
Analysis of changes in net funds.....	40
Statement of Changes in Taxpayers' Equity.....	40
Notes to the financial statements	41
Accounts Direction	51
Appendix 1- List of grants, awards and investments over £100,000	54
Appendix 2- Policy direction	55

Performance Report

Joint Report by the Chair and Chief Executive

In March 2020, cultural life across Scotland and around the world, was impacted enormously by the Covid-19 pandemic. All aspects of life have been severely affected, the recovery will be long, and many things will not be the same post-Covid as they were before.

Culture will play a vital role in society's recovery, continuing to make a significant contribution to our wellbeing, quality of life and the economy.

From April 2020 onwards Creative Scotland has delivered a pivotal role in providing emergency funding support to Scotland's creative and cultural sector and this has been the primary focus of everyone in our organisation since that time.

The Covid-19 pandemic coincided with a period of strategic and operational change for Creative Scotland including a review of the way that we deliver funding, one of our core operational purposes. In the light of the pandemic, we prioritised our resources to address its impacts and to enable the delivery of high-volume emergency support funding for the people and organisations working in Scotland's culture sector who have been most impacted. The staff of Creative Scotland are thanked enormously for their focus and commitment in delivering all of this work.

The Covid-19 pandemic arrived in the final few weeks of the 2019/20 Financial Year and, significantly more commentary and analysis will be provided in next year's annual report and other update and review documents. However, significant progress was made in the year to March 2020 that is the subject of this report.

A major piece of work in 2019/20 to support our development and change as an organisation was our strategic and funding review. During the summer of 2019 we held public workshops in 17 venues across Scotland involving over 400 participants and contributions to inform Creative Scotland's priorities and funding approach. Alongside consideration of the new context created by the Covid-19 pandemic and its impact; the output from these workshops will help shape our strategic priorities and future funding approach which we will begin to implement in 2021/22.

Alongside this external facing review work, we continued to build on our journey of internal change, making improvements in our working practices, culture, and operations to strengthen the delivery of our services, including a key programme of work in digital transformation that is ongoing.

It was also an important year for recruitment with the appointment of Iain Munro as permanent CEO in October 2019 and David Smith as Director of Screen in November 2019. Director of Strategy, Philip Deverell, left in July 2019 with Gary Cameron stepping into the role on an acting basis.

The Board's capacity was further strengthened in September with the appointment of Duncan Cockburn, Philip Long, Sarah Munro and Stephanie Fraser. Many thanks go to Erin Forster and Sheila Murray for their 4 years of service to the Board and its Committees.

Throughout 2019/20, the Chair, CEO and other staff members gave evidence to four meetings of the Scottish Parliament Culture, Tourism, Europe and External Affairs Committee and kept the Committee informed of progress.

2019/20 was the second year of supporting the network of 121 Regular Funded Organisations and during the year we announced that the current 3-year arrangement would be extended to a fourth year, to March 2022. The Covid-19 pandemic has had a major impact on these Regularly Funded organisations and additional support from the Scottish Government has enabled us to provide a degree

of stability and continuity for these vital cultural organisations and the work they provide for the people of Scotland.

We have also continued to support creative activity by individuals and organisations through our Open Project Funding (supported by The National Lottery). This includes creative work across crafts, dance, design, digital, literature and publishing, multi-art form, music, theatre and the visual arts.

Creative Scotland's Targeted Funding has also enabled numerous opportunities for culture and creativity for people of all ages. For example, the Youth Music Initiative had another successful year offering high quality music making opportunities for young people across all parts of Scotland.

In January 2020 Shorestage Limited, a subsidiary of Creative Scotland, leased the premises at 31 Bath Road in Leith. Under the management of the operators, Firststage Studios Limited, work began on refurbishing and marketing the facility as a film and TV studio. Subsequently, the first major production, *The Rig*, produced for Amazon Prime Video, entered the building in November 2020.

2019/2020 saw the release of award-winning films backed by Screen Scotland including *Wild Rose*, *Yuli*, *Only You*, and *Scheme Birds*, and the broadcast of successful network TV productions including *Elizabeth is Missing*, *The Victim* and *Guilt*. Training opportunities across film and TV disciplines included a further edition of the Outlander Training Scheme, Short Circuit film talent development, TRC's Supersizer and PACT's Diversity Schemes. Large scale productions in Scotland included *1917*, *Deadwater Fell*, and *Fast and Furious: Hobbs and Shaw*. A collaboration with the Edinburgh Fringe saw creative connections fostered between film, TV producers and exciting new theatre talent. At the end of the financial year, Screen Scotland responded swiftly to the pandemic, launching the Bridging Bursary support for freelancers and support for producers and writers through its single project development awards.

More information on all of Creative Scotland's funding is available in the Review of Funding section of this document and a detailed review of performance can be found in our separately published Annual Review of Performance document which is produced to accompany this Annual Report and Accounts.

2019/20 was an important year for Creative Scotland in its continued improvement and development as an organisation. The impact of the Covid-19 pandemic and the consequent re-prioritisation of our strategy and resources will mean that our future approach will need to be re-considered accordingly and in the broader context of Scotland's public sector post-Covid. However, our primary aim remains unchanged: supporting and developing Scotland as a creative nation and our Board and staff remain committed to moving forward positively and with ambition, enabling creative people, places, communities and activity to thrive.

Introduction

Creative Scotland is a national lottery distributor under the National Lottery etc. Act 1993 and maintains a National Lottery Distribution Fund (NLDF) which is entitled to receive 1.78% of the proceeds allocated to good causes from National Lottery ticket sales. The purpose of the NLDF is the support of artistic and creative activities in Scotland.

Under the financial directions issued by the Scottish Ministers, Creative Scotland is required to produce separate statements of accounts relating to these activities. An Annual Report for the National Lottery activity as required by the financial directions is incorporated within this Annual Report and Accounts. The accounts have been prepared in a form directed by the Scottish Ministers in accordance with Section 35 of Part II of the National Lottery etc. Act 1993. The Accountable Officer authorised this annual report and accounts for issue on 26 November 2020.

The policy directions issued by the Scottish Ministers under section 26 of Part II of the National Lottery etc. Act 1993 are shown in Appendix 2.

Unlocking Potential, Embracing Ambition

In 2013/14 Creative Scotland published its 10 Year Plan, Unlocking Potential, Embracing Ambition. The Plan sets out a clear set of longer term ambitions, underpinned by shorter term priorities, to ensure that the arts, screen and creative industries in Scotland continue to thrive. Complementary annual plans provide detail on delivery of this long-term plan. All plans are available at **creativescotland.com**.

The five ambitions for the arts, screen and creative industries over the next ten years are:

- Excellence and experimentation across the arts, screen and creative industries is recognised and valued
- Everyone can access and enjoy artistic and creative experiences
- Places and quality of life are transformed through imagination, ambition and an understanding of the potential of creativity
- Ideas are brought to life by a diverse, skilled and connected leadership and workforce
- Scotland is a distinctive creative nation connected to the world

As well as the ambitions, there are four connecting themes that run through all aspects of Creative Scotland's work, these are:

- Creative learning- increasing the quantity and quality of opportunity for people of all ages to learn through engagement with the arts, screen and creative industries
- Equalities and diversity- we are committed to putting equalities and diversity at the heart of all our activity, enabling people from different backgrounds, from diverse communities and of all ages to access increased opportunity through access to the arts and culture
- Digital- supporting the arts and creative sectors to fully utilise all the benefits that new digital tools can bring
- Environment- We are committed to operating in an environmentally sustainable manner and will work to ensure that the individuals and organisations that we support do the same

Going concern

At 31 March 2020, the Creative Scotland NLDF had net assets of £7.6 million (2019: net assets of £0.7 million). The Board and Senior Leadership Team have robust financial plans for the ongoing operation of the fund which support the going concern basis of preparation as stated in section 1c of the accounting policies on page 41.

Risk management

The Risk Register is reviewed regularly at 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 are:

Risk identified	Mitigation of risk
<p><u>Funding</u> Available funding from grant-in-aid, the National Lottery and other sources reduces resulting in less funding for the arts, screen and creative industries which adversely impacts delivery of the 10 Year Plan</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><u>Impact of COVID-19 on the arts, screen and creative industries</u></p> <ol style="list-style-type: none"> 1. The impact of lockdown on delivering projects and outcomes for the foreseeable future 2. The potential for business failures in the arts, screen and creative industries 3. The recovery of the sector as lockdown restrictions are eased and whether it is likely outputs will return to pre-lockdown levels. 	<p>Creative Scotland has been involved in sector engagement and impact assessment activity to determine the key issues arising for the sector.</p> <p>Funding programmes have been developed to address the short term issues created by the lockdown, with wider review of activities as part of the funding review.</p> <p>Funding is discussed in regular meetings with the Scottish Government and the Chair has met with the Cabinet Secretary.</p>
<p><u>Political instability</u> This increases the risk of uncertainty over cultural policy and many have impacts on cultural exchange and the economy that adversely affect the delivery of CS strategy.</p>	<p>Regular meetings with the Scottish Government and Scottish Ministers to discuss culture and the importance of funding the arts, screen and creative industries.</p> <p>Positive engagement with the Scottish Parliament's Culture Committee.</p>
<p><u>Operational capacity</u> Several strategic projects progressing simultaneously: (Digital Transformation, Screen Scotland, Organisational Development, Funding Review) risks adversely impacting core day to day activities, overstretching resources and negatively impact staff morale.</p>	<p>Governance arrangements are in place to ensure all strategic projects have detailed plans in place and build in appropriate oversight by the board and its committees.</p>
<p><u>Artistic risk</u> The funding of experimental or controversial work could result in adverse publicity.</p>	<p>Governance arrangements to ensure the funding process is robust and based on clear guidance that aligns to the strategic priorities.</p> <p>Communications strategies in place to monitor social media and the press and respond appropriately.</p>

Consolidated report

Creative Scotland prepares separate annual accounts for its grant-in-aid and National Lottery distribution 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 the Creative Scotland National Lottery Distribution Fund (CS NLDF) for the year ending 31 March 2020. 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.

	CS ¹ £'000	CS NLDF ² £'000	Intra ³ £'000	Total £'000
Income				
National Lottery Proceeds		(31,767)	-	(31,767)
Project income from third parties	(2,113)	(261)	-	(2,374)
Other income	(3,306)	(254)	2,948	(612)
Total income	(5,419)	(32,282)	2,948	(34,753)
Expenditure				
Net grants issued ⁴	55,309	21,912	-	77,221
Project expenses	711	356	-	1,067
Salaries	6,811	2,308	(2,305)	6,814
Depreciation	219	-	-	219
Other operating costs	2,717	814	(643)	2,888
Pension adjustments	42	-	-	42
Total expenditure	65,809	25,390	(2,948)	88,251
Net expenditure/(surplus)	60,390	(6,892)	-	53,498
Movement in taxpayer's equity				
Opening Reserves	4,610	(724)	-	3,886
Net expenditure/surplus transferred	60,390	(6,892)	-	53,498
Grant-in-aid received from the Scottish Government ⁵	(65,330)	-	-	(65,330)
Actuarial gain on the Strathclyde Pension Fund	(973)	-	-	(973)
Movement in Capital Grant	30	-	-	30
Closing Reserves	(1,273)	(7,616)	-	(8,889)

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 Tax Payer's equity

Overall, the consolidated general fund has a balance of £8.9 million, of which £7.6 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 are held within Creative Scotland accounts are not attributable to the CS NLDF. This is because Scottish Government provide 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: regular funding, open project funding and targeted funding for specific purposes.

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 was set at £8.5 million (2018/19 £10.4 million), the lower value reflects the creation of dedicated touring fund for theatre and dance which for 2019/20 was £3 million of National Lottery funds.

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:

Panel	Applications received	Awards made	Value	Success rate
Up to £15,000	817	305	2,338,215	37%
Over £15,000	295	142	6,462,447	48%

The types of projects funded by the Fund include:

- Projects which are about helping an artist to develop their skills
- Projects that create something new and high quality, in any art form
- Projects which are aiming to present high quality work to audiences, or projects which try to develop and reach new audiences for the arts
- Projects which encourage more people to take part in artistic and creative activity.

In total, £8.8 million of funding was awarded to 447 successful applications during 2019-20. Of this, £0.6 million was funded from grant-in-aid and £8.2 million was funded from National Lottery. A breakdown by artform is shown below:

Successful applications over the 11 artforms:

Art Form	Applications	Funding requested	Successful	Awarded
Crafts	30	331,882	11	130,026
Creative Industries	1	2,750	0	0
Dance	73	1,162,126	37	494,467
Design	21	588,982	4	117,209
Digital	29	522,367	8	153,129
Film	4	26,063	0	0
Literature/Publishing	121	2,133,344	57	932,311
Multi	109	4,318,578	45	1,681,589
Music	298	5,615,685	121	2,418,804
Theatre	218	4,646,158	86	1,499,346
Visual Arts	208	4,150,888	78	1,373,781
Grand Total	1112	23,498,822	447	8,800,662

In March 2020, the open project fund was suspended for new applications due to the impact of the COVID-19 health emergency, and the need to review and repurpose funding to suit the changed environment and ways of working. Applications that had been submitted were subject to further review for COVID-19 implications before being assessed and decided upon at panel.

Touring Fund

The Touring Fund was launched in 2018/19 following recommendations made in a previously commissioned an independent review of touring for theatre and dance. The fund was developed in partnership with the Federation of Scottish Theatre, and working groups made up of representatives of Scottish dance and theatre companies.

The main purposes of the fund are:

- Funding high quality work to tour in a way that could improve the relationships between venues and producers of touring work
- Funding work that will increase audiences across Scotland
- Funding work that increases the diversity of artists, producers and companies touring theatre and dance across Scotland
- Creating conditions where artists are recognised for their work and can retain a proportion of the income their work creates to sustain their ongoing practice
- Creating conditions to support venues to be more sustainable and give them the ability to invest more in developing audiences
- Supporting the programming of work in venues or locations that would not otherwise present it

The first awards from the programme were made in 2019/20, with a total of £3,026,000 distributed to 30 eligible applicants.

Targeted Funding

Targeted funding is used to address specific activities and development needs in a sector, specialism, or geographic area. In 2019/20, total targeted grant funding was £32.3 million of which £20.9 million was funded from grant-in-aid and £11.4 million was from National Lottery.

Key examples of targeted funding during 2019/20 include:

1. Artist Run Organisations

During the year a pilot project for artist run organisations, to allow them to maintain their exhibitions and events programmes

Funds totalling £350,000 were provided to 5 artist run organisations:

- Embassy Gallery
- Generator Projects
- Market Gallery
- Rhubaba Gallery and Studios
- Transmission Gallery

2. International development and markets

These funds help promote Scottish art and artists in international markets. The largest projects funded during 2019/20

- The Scotland+Venice partnership is formed of Creative Scotland, National Galleries of Scotland and British Council Scotland. It provides artists based in Scotland with a valuable platform to showcase their work on the international stage at one of the world's most prestigious visual arts festivals, the Venice Biennale. During 2019/20, funding of

£65,000 was provided to Architecture and Design Scotland to support the architecture festival in Venice.

- Funding of £150,000 was provided to the British Council as part of the strategic partnership with Creative Scotland. Funding for 2019/20 focussed on Brazil, Japan and the EU countries.
- Funding of £83,000 was provided to Edinburgh Festivals for the Momentum – The Edinburgh Festivals International Delegate Programme. The funding allows the Festival to work across a network of partners to host key cultural delegates in Edinburgh during July and August 2019. The networking events allow long-term relationships to develop and share the rich cultural offering of the festivals and wider Scottish sector with international delegates

3. Creative Learning and Young People

2018 was the designated Year of Young People, and Creative Scotland continued to deliver a wide range of high quality programmes to young people across every local authority in Scotland. The Creative Learning programmes that are delivered share many common outcomes: connecting professional practitioners; developing practice; ensuring quality provision for all; encouraging progression opportunities and equalities.

During 2019/20, Creative Scotland delivered the following projects under Creative Learning and Young People:

- A partnership fund with Education Scotland for implementation of the Creative Learning Plan and supporting Creative Learning Networks in Local Authorities (£150,000)
- Funding for 5 bursaries within the Western Jerwood Creative Bursaries scheme, which supports young people from socially disadvantaged backgrounds to access opportunities in the arts and creative industries.
- Ongoing delivery of the Youth Arts Strategy including the National Youth Arts Advisory Group, and the Nurturing Talent Fund (£80,000)

4. Gaelic, Scots and Traditional Arts

Scotland's linguistic heritage and cultural traditions provide an enormous contribution to the contemporary cultural life of our nation. Scotland is unique in the UK in that it has three indigenous languages: English, Scots and Gaelic. To reflect this diversity, targeted funds for both Gaelic Development and Traditional Arts are in place which complement the wide range of support to Gaelic, Scots and Traditional Arts within the open funds and regular funding.

During 2019/20, Creative Scotland delivered the following projects under Gaelic, Scots and Traditional Arts:

- A Gaelic development fund (£48,000) which provides funding to Gaelic programmes throughout Scotland.
- The Traditional Arts Small Grants Fund (£35,000) which is managed by Fèisean nan Gàidheal and open to organisations and individuals. The fund is designed to provide support for traditional artists and organisations to create, perform, tour and showcase work.

5. 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.

In 2019/20, Screen Scotland activities funded from National Lottery totalled £7.1 million, and this was used to support the following areas:

Screen Scotland Strand	National Lottery spend in 2019/20 £'000	Details
Film Development & Production	2,757	This fund supports the development and production funding for feature length films and documentaries made by filmmakers based in Scotland.
Audience Development	1,743	The largest fund within Audience Development was the Cinema Equipment Fund. This was a capital fund for cinemas and venues to upgrade or install cinema screening equipment and aims to increase access to cinema and encourage resilience for film exhibitors based in Scotland. £1.1 million of National Lottery funding was provided to support the total budget of £1.5 million. Film Festival Fund provided £642,000 to bring diverse film programmes to audiences across Scotland. A total of 19 festivals were supported.
Skills	868	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.
Talent Development	841	2019/10 was the 5 th year of the Scottish Film Talent Network project, which received funding of £483,000 of which £200,000 was provided from the British Film Institute. The Network has three partners: the Centre for the Moving Image (CMI), Digi Cult and Hopscotch Films and has been awarded the contract by Creative Scotland to deliver the Scottish element of the BFI NET.WORK. The Bellrock Screenwriting Workshops funds 6 screenwriters for the opportunity to work with a team of established industry mentors to develop original screenplays over the course of three 5-day residential workshops (£140,000).
Film Education	642	The film education programme provides funding for improving and expanding the provision of film and moving image education in every context, increasing its reach, depth and inclusivity.

6. Creative Industries

The Creative Industries targeted budget is allocated to development work undertaken in support of the Creative Industries Strategy, which was published in May 2016. This strategy aims to support the development of sustainable creative businesses through a range of infrastructure,

research and events projects. 38 projects received funding of £352,000 from the Creative Industries targeted funds.

7. Equalities, Diversity and Inclusion

A budget of £850,000 was allocated to Equalities, Diversity and Inclusion in 2019/20, with the following projects being supported

EDI Strand	National Lottery spend in 2019/20 £'000	Details
Create: Inclusion	611	<p>Two reports published by Creative Scotland, <i>Understanding Diversity in the Arts</i> and <i>Equality Matters</i> highlighted numerous and complex barriers to access, progression and representation in the arts, screen and creative industries. In addition, an equalities review highlighted a reduction in EDI led RFO organisations.</p> <p>The Create: Inclusion programme aims to start addressing some of these well documented concerns and increase the diversity of people in the arts, screen and creative industries in Scotland. The programme is open to open to individual creative practitioners, organisations, groups and networks in the arts, screen and creative industries. Priority was given to applications from individuals who self-identify as sharing one or more protected characteristics defined by the Equality Act 2010; or from groups/organisations which are either minority-led or which focus on working with and for those who share one or more protected characteristics.</p> <p>39 projects were supported in the Create: Inclusion programme using National Lottery Funds.</p>
Arts in Care	104	<p>The Arts in Care project is a collaboration between Creative Scotland, the Care Inspectorate and Luminare with partnership funding of £50,000 provided from the Baring Foundation.</p> <p>The project strategic programme aiming to embed high quality creativity in Scotland's care sector by building the skills and capacity of artists and care professionals</p>

8. Awards for All

The National Lottery Awards for All Scotland is a joint awards programme of lottery funding from the National Lottery Community Fund, Creative Scotland and sportscotland. Grants for small organisations with turnover less than £250,000 are awarded to help people take part in arts, sport, social, environmental, health related, educational and other community activities.

In 2019/20, Creative Scotland contributed £500,000 to the fund.

These are just some examples of the range of work supported by Creative Scotland in 2019/20 in our role as funder, advocate, influencer and development body on behalf of the arts, screen and creative industries in Scotland.

Response to the COVID-19 global health emergency

The end of the financial year 2019/20 coincided with the COVID-19 global health emergency, a situation that has escalated with such speed and severity that it is impacting profoundly on the creative sector and the work it does with communities across Scotland. Creative Scotland's primary focus is to keep funding flowing to sustain individuals and organisations, not only through the immediate short-term impacts, but also looking forward to the medium to long term recovery required.

The immediate response of Creative Scotland was to suspend the open funding programmes across the arts, screen and creative industries, while promising to honour existing awards, even if activities cannot be completed due to the restrictions imposed by government to deal with the emergency.

An updated fund, the Open Fund: Sustaining Creative Development was launched to provide support for individuals and organisations to sustain their creative development in the coming months. Screen Scotland also launched a Single Project Development Funding Route for broadcast and TV content, and for film production. This allows independent production companies to access funding for short term projects.

At the same time, two bridging bursary programmes were designed to support both freelance creative professionals and self-employed screen sector workers who have lost earnings due to the cancellation of work as a result of COVID-19. The programmes will provide emergency bridging funds of up to £2,500 to individuals across Scotland.

Looking forward, it is clear that the ongoing response to COVID-19 and responding to the needs individuals and organisations across the arts, screen and creative industries will dominate Creative Scotland's priorities for the 2020/21 financial year.

Performance Analysis

Performance overview

Under each of our five ambitions we have identified priorities to inform our work over a three-year period. These priorities inform our funding guidelines and decisions, as well as our own development, advocacy and influencing activity.

Each year we publish an Annual Plan which sets out how we will achieve our ambitions and priorities for that year and summarises our planned income and expenditure. Our Annual Plans include a detailed performance management framework comprising performance indicators which we report against in the Annual Review of Performance, which is published separately.

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.

Outcomes and performance measures for the five ambitions for the arts, screen and creative industries over the next ten years as reported in our Annual Review of Performance.

Outcomes	Performance measures	Descriptions
More diverse high quality artistic and creative work is produced and developed across Scotland	1.1 Maintain the breadth of organisations supported through Creative Scotland Regular Funding	The count of organisations in receipt of Creative Scotland Regular Funding and value of funding by type of organisation, core activity, primary art form and geographic location
	1.2 Extend the breadth of artistic and creative work by individuals and organisations supported through Creative Scotland Targeted and Open Project Funding	The range and type of work by organisations and individual practitioners in receipt of Creative Scotland Targeted and Open Project Funding and value of funding by core activity, primary art form and geographic location
	1.3 Increase in number of events supported through Creative Scotland funding	The count of performances, exhibitions, screenings and publications delivered through Creative Scotland funding
Increased public engagement through stronger touring networks, digital distribution and exhibition platforms across Scotland	2.1 Contribute to maintaining high level of adult cultural engagement across the breadth of Scotland through our funded work.	The % of adults engaging in arts and culture across Scotland by type of cultural activity and frequency of participation
	2.2 Contribute to increasing children's cultural engagement across the breadth of Scotland through our funded work	The % of children engaging in arts and culture across Scotland by type of cultural activity
	2.3 Increase in the number of digital opportunities through Creative Scotland funding	The count and value of Creative Scotland funded activities with a focus on digital exhibition, distribution
	2.4 Increase in the amount of arts touring and distribution across Scotland	The count and value of Creative Scotland funded activities with a focus on distribution, touring and festivals

Outcomes	Performance measures	Descriptions
Increase in artists and creative people working with communities and addressing local needs	3.1 Broader spread of Creative Scotland funding by geographic location	The count and value of Creative Scotland funding awards including supporting new or enhanced cultural infrastructure
	3.2 Increased range of partnership income leveraged through Creative Scotland funding, across Scotland	Value and range of partnership funding secured through Creative Scotland funding across Scotland broken out by Local Authority areas
	3.3 Improved public perceptions of national and local creativity	% difference between agreement that 'Scotland is a creative nation' and % agreement that 'my local area is a creative place'
	3.4 Improved public perception of the value of local cultural offer	% agreeing that people in my local area would lose something of value if the area lost its arts and cultural activities
Leaders across the sectors are more confident, knowledgeable, connected and developing more sustainable business models.	4.1 Maintain the breadth of organisations taking a leadership role in their sector and/or locality	The count of organisations in receipt of Creative Scotland Regular Funding that provide a leadership role in their sector or locality
	4.2 Increase in the number of professional development opportunities through Creative Scotland funding	The count and value of leadership training opportunities, professional development, work placements, apprenticeships or internships supported by Creative Scotland funding
	4.3 Improve youth employment opportunities in Creative Scotland funded organisations	The count of young people employed by Creative Scotland funded organisations through youth employment initiatives and type of employment
	4.4 Broaden range of income streams across the sector	The count, value and type of income streams of Regularly Funded Organisations, including earned income and voluntary giving
More of Scotland's artists and creative people are engaging with international artists and creative practice	5.1 Improve the quality and impact of international engagement opportunities through Creative Scotland funding	The count and value of Creative Scotland funding awards with a focus on international exchange and creative development
	5.2 Increase in the amount of international touring across Scotland through Creative Scotland funding	The count, value and geographic spread of individuals and organisations in receipt of Creative Scotland funding to showcase international work in Scotland
	5.3 Increase in the % of positive international perceptions of Scotland's culture	% of positive perceptions of Scotland's nation brand across six areas of national competence, characteristics and assets (exports, investment, tourism, governance, people and culture).

The data for these performance measures are gathered from regular funded organisations and statistical surveys and will be reported in our Annual Review for 2019/20.

Financial performance

The financial statements for 2019/20 have been prepared under an Accounts Direction, on page 51, 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 (FRm).

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

Results for the year ending 31 March 2020 versus budget

	<u>Actual</u> £'000	<u>Budget</u> £'000	<u>Variance</u> £'000
Income			
National Lottery Proceeds	(31,767)	(28,000)	(3,767)
Other	(515)	(350)	(165)
Expenditure			
Grants awards and investments	22,616		
Project Expenditure	356		
Less de-committed awards	(704)		
Total net grants and project expenses	22,268	26,635	(4,367)
Staff costs	2,308	2,452	(144)
Other operating expenditure/income	814	939	(125)
(Surplus)/Deficit on the Fund	(6,892)	1,676	(8,568)

The Fund reported a surplus of £6.9 million, a £8.6 million variance on the intended budgeted deficit of £1.7 million. The main reasons for the variances are:

- Additional National Lottery proceeds of £3.8 million over budget due to improved sales figures during 2019/20, coinciding with the 25th anniversary of the National Lottery.
- £3 million of Screen Scotland funding carried forward to 2020/21 to support the response to COVID-19 (Screen bridging bursary and Single Project Development Funds).

Reserves

The Fund had total reserves of £7.6 million as at 31 March 2020 (2019: £724,000). The reserves are available to the Creative Scotland Board to allocate to future funding activity and provide certainty by allowing funding for long term projects that require cashflow over a number of years. For the year ending 31 March 2021, the Creative Scotland Board approved a budget which allows the Fund to draw down up to £4.7 million in reserves.

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 2019/20	Outturn for 2018/19
6.3 Minimum of 90% of funding applications processed within published timeframe	% of applications processed within agreed timeframe	99%	98%
6.4 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	98%	95%

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 under the Climate Change (Scotland) Act 2009 and to assist the Scottish Government's target of cutting CO₂ emissions by 42% by 2020. 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.

Monitoring of GHG emissions in tonnes of CO₂ for 2 key areas for our operations for 2019/20 and 2018/19 were undertaken, with key results shown in the table below:

	2019-20 GHG (tCO ₂ e)	2018-19 GHG (tCO ₂ e)	% change
Energy	25.9	31.8	(19%)
Business Travel	98.8	140.9	(30%)

Business travel outputs have decreased due to a reduction in the number of international trips undertaken in the year compared to the previous year.

More information on our environment policy can be found at creativescotland.com

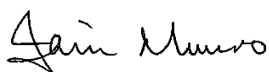
Social matters

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 have taken place in 2019/20 to help achieve this:

- The Create: Inclusion Fund was launched towards the end of the 2018/19 financial year, and two full rounds of funding were made in 2019/20. The purpose of the fund is to seek to increase the diversity of people in the arts, screen and creative industries. The fund responds to issues raised in previous reports, 'Understanding Diversity in the Arts' and 'Equality Matters', and seeks to provide funding to help applicants progress, develop their creative and professional practice, their capacity or to support them to take professional and creative risks.
- 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 and ensure that staff can raise concerns without fear of suffering retribution and ensure there is a transparent and confidential process for dealing with concerns.



Iain Munro
Chief Executive of Creative Scotland and Accountable Officer
26 November 2020

Accountability Report

Corporate Governance Report

Director's Report

List of board members and senior leadership team:

Board Members

Ewan Angus
David Brew
Duncan Cockburn (from 16 September 2019)
Stephanie Fraser (from 16 September 2019)
Philip Long (from 16 September 2019)
Sarah Munro (from 16 September 2019)
Elizabeth Partyka
David Strachan
Robert Wilson (Chair)

Iain Aitchison (to 30 June 2020)
Karen Forbes (to 30 June 2020)
Erin Forster (to 31 July 2019)
Sheila Murray (to 31 July 2019)
Cate Nelson-Shaw (to 30 June 2020)
Karthik Subramanya (to 30 June 2020)

Senior Leadership Team

Iain Munro, Chief Executive
Isabel Davis, Executive Director, Screen
Ian Stevenson, Director, Finance and Funding Operations
Karen Lannigan, Director, HR & Office Services
Kenneth Fowler, Director, Communications
Clive Gillman, Director, Creative Industries
Scott Donaldson, Acting Director, Screen (to 30 November
2019)
Joan Parr, Acting Director, Arts & Engagement
Gary Cameron, Acting Director, Strategy (from 22 July 2019)
David Smith, Director, Screen (from 4 November 2019)

Philip Deverell, Director, Strategy (to 26 July 2019)
Ken Miller, Interim Director, Communications (to 30 June 2020)

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	1 st	9 February 2022	6 out of 6
David Brew	1 August 2015	2 nd	31 July 2023	6 out of 6
Erin Forster	1 August 2015	1 st	31 July 2019	2 out of 3
Sheila Murray	1 August 2015	1 st	31 July 2019	2 out of 3
Iain Aitchison	1 August 2016	1 st	30 June 2020	4 out of 6
Karen Forbes	1 August 2016	1 st	30 June 2020	5 out of 6
Karthik Subramanya	1 August 2016	1 st	30 June 2020	5 out of 6
Cate Nelson-Shaw	1 August 2016	1 st	30 June 2020	6 out of 6
Ewan Angus	1 August 2018	1 st	31 July 2022	5 out of 6
Elizabeth Partyka	1 August 2018	1 st	31 July 2022	6 out of 6
David Strachan	1 August 2018	1 st	31 July 2022	6 out of 6
Duncan Cockburn	16 September 2019	1 st	15 September 2023	3 out of 3
Philip Long	16 September 2019	1 st	15 September 2023	2 out of 3
Stephanie Fraser	16 September 2019	1 st	15 September 2023	3 out of 3
Sarah Munro	16 September 2019	1 st	15 September 2023	1 out of 3

A recruitment process to appoint additional board members commenced in April 2019, and four new board members were appointed from 16 September 2019: Duncan Cockburn, Philip Long, Sarah Munro and Stephanie Fraser. In addition, David Brew's first term ended on 31 July 2019 and he was re-appointed for a second term to 31 July 2023. Two board members' terms ended on 30 June 2019 (Erin Foster and Sheila Murray) and four board members' terms ended on 30 June 2020 (Iain Aitchison, Karen Forbes, Karthik Subramanya and Cate Nelson-Shaw).

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, from 1 October 2019, and details are set out in the Remuneration and Staff Report.

Subcommittees of the Board

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

- Audit and Risk Committee,
- Financial and General Purposes Committee

- Nominations Committee.

There is also a Screen Committee made up of three Creative Scotland Board members, sector representatives and public sector partners.

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.

The following members of the Board served on the Audit and Risk Committee during 2019/20:

Membership	Meetings attended
David Brew (Chair)	4 out of 4
Karthik Subramanya	3 out of 4
Duncan Cockburn	2 out of 2
Philip Long	1 out of 1
Erin Forster	0 out of 1

During the year, the Committee reviewed:

- The 2018/19 Annual Reports and Accounts of both Creative Scotland and the Creative Scotland National Lottery Distribution Fund
- Outputs of the internal and external auditors, including annual plans and reports.
- Revisions to the Framework Agreement between the Scottish Government and Creative Scotland
- The data protection annual report for 2018/19
- An investigation by the Competition and Markets Authority and a legal case brought against Creative Scotland at the Competition Appeal Tribunal
- The outcomes of the National Fraud Initiative
- Delegated authority and budget control guidelines
- The risk register and wider risk management arrangements, which were discussed at every meeting.

Financial 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.

The following members of the Board served on the Finance and General Purposes Committee during 2019/20:

Membership	Meetings attended
Elizabeth Partyka (Chair)	4 out of 4
Iain Aitchison	3 out of 4
Karen Forbes	3 out of 4
Ewan Angus	2 out of 2
Stephanie Fraser	1 out of 1

During the year, the Committee reviewed:

- The 2019/20 budget, including allocations of grant-in-aid from the Scottish Government and National Lottery income projections
- Management accounts showing outturn against budget for 2019/20
- Annual plan and performance targets
- 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 2019/20.

Screen Committee

The Screen Committee is chaired by David Strachan and oversees the delivery of Screen Scotland. Its members 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. The purpose of the Screen Committee is to review the implementation and delivery of Screen Scotland, ensure partnership working, advise the Creative Scotland Board as appropriate on screen matters.

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

There were no reported incidents of unauthorised exposure or loss of personal data during the financial year.

Statement of Accountable Officer's responsibilities

Under Section 35 of Part II of the National Lottery etc. Act 1993, the Scottish Ministers have directed Creative Scotland to prepare for each financial year a statement of accounts for the Creative Scotland National Lottery Distribution Fund (The Fund) 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 the Fund 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.

The Fund's external auditor is appointed by the Auditor General for Scotland, and for the year ended 31 March 2020, 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 two standing committees which meet at least four times per year: the Audit and Risk Committee; and the Finance and General Purposes Committee. There is also a Nominations Committee which meets when required. In addition, a Screen Committee oversees the delivery of Screen Scotland alongside other public sector partners.

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 2019/20 the Board met on 5 occasions all of which were chaired by Robert Wilson. Minutes of these meetings are published on Creative Scotland's website.

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

- approval of the 2019/20 budget
- the continuing strategy and funding reviews
- the completion of the organisation development project and its evolution into digital transformation
- the Scottish Government's culture strategy

The Board met for an additional meeting to discuss the film studio project, including a review of the business case and approval was given for the subsidiary company Shorestage Limited to enter a lease with Forth Ports PLC.

The board meeting in March considered the impact of the COVID-19 pandemic on Creative Scotland's operations and the nationwide lockdown measures leading to the closure of much of the cultural sector across Scotland. Approval was given for emergency funding responses (as noted on page 13).

The Board received regular updates from the Audit and Risk and Finance General Purposes committees, which was a standing item on each board meeting. Details of both committees and their work in the year are noted on page 21. The Nominations Committee did not meet during the year, and the Screen Committee met 6 times.

Accountable officer

The Accountable officer for the year was Iain Munro, who was Acting Chief Executive until 14 October 2019 when he was appointed Chief Executive.

The Accountable officer receives 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 2020 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.

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. The main issues raised by internal audit related to recommendations to improve procurement and the expenses system, and these are being actioned as part of an agreed action plan. Additional actions were agreed to progress outstanding internal audit recommendations.

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 2020 and up to the signing of the financial statements, the organisation has:

- commenced a wider review of funding models and overall strategy
- commenced a programme of digital transformation to improve and update funding management systems and to utilise technology to improve the efficiency and effectiveness of the organisation.

The organisation will continue to develop its funding and strategy reviews during 2019/20 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.

Internal Audit Reviews are undertaken by a third-party organisation. 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 have had a significant impact on Creative Scotland's operations. The organisation's initial response to the pandemic is set out on page 13. In addition to the support announced for individuals and organisations in the culture sectors in Scotland, 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 outwith the regular meeting schedules to tackle key issues as they arise 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
- HR strategies to ensure the health and wellbeing of our staff were prioritised

An internal audit in 2020/21 is planned to review the corporate governance arrangements in place during homeworking.

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

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.

During the year, 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 has been set for 2019/20 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.

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	2019/20			
	Board Fee £'000	Benefit in kind £100s	Pension Benefits £'000	Total
Robert Wilson (Chair) ¹	-	-	-	-
David Brew	0.5	-	-	0.5
Erin Forster ²	-	-	-	-
Sheila Murray ²	-	-	-	-
Iain Aitchison	0.5	-	-	0.5
Karen Forbes	0.5	-	-	0.5
Karthik Subramanya	0.5	-	-	0.5
Cate Nelson-Shaw	0.5	<1	-	0.5
Ewan Angus	0.5	<1	-	0.5
Elizabeth Partyka	0.5	2	-	0.5
David Strachan	0.5	2	-	0.5
Duncan Cockburn	0.5	3	-	0.5
Philip Long	0.5	-	-	0.5
Stephanie Fraser	0.5	<1	-	0.5
Sarah Munro	0.5	-	-	0.5

1. Robert Wilson has not taken remuneration during his period of appointment.
2. Erin Foster and Shelia Murray's term of appointment ended on 30 June 2019, before board remuneration was introduced.

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.

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.

Remuneration of the Senior Leadership Team*

Name	2019/20				2018//19			
	Salary/ (Bonus) £'000	Benefit in kind £100s	Pension Benefits £'000	Total	Salary/ (Bonus) £'000	Benefit in kind £100s	Pension Benefits £'000	Total
Iain Munro ¹ Chief Executive	115-120 (0)	-	90-95	210-215	110-115 (0)	-	25-30	140-145
Isabel Davis Executive Director, Screen	90-95 (0)	-	20-25	110-115	50-55 (0)	3,000	10-15	65-70
Kenneth Fowler ² Director, Communications	75-80 (0)	-	15-20	95-100	75-80 (0)	-	15-20	90-95
Karen Lannigan Director, HR & Office Services	80-85 (0)	-	35-40	115-120	75-80 (0)	-	45-50	120-125
Ian Stevenson Director, Finance & Funding Operations	80-85 (0)	-	25-30	110-115	75-80 (0)	-	35-40	115-120
Clive Gillman Director, Creative Industries	65-70 (0)	-	15-20	85-90	60-65 (0)	-	15-20	80-85
Joan Parr Interim Director, Arts & Engagement	60-65 (0)	-	10-15	75-80	40-45 (0)	-	5-10	45-50
Gary Cameron ³ Interim Director, Strategy (from 22 July 2019)	40-45 (0)	-	5-10	50-55	-	-	-	-
David Smith ⁴ Director, Screen (from 4 November 2019)	30-35 (0)	-	5-10	35-40	-	-	-	-
Scott Donaldson ⁵ Acting Director, Screen (to 30 November 2019)	40-45 (0)	-	20-25	80-85	55-60 (0)	-	15-20	75-80
Philip Deverell ⁶ Director, Strategy (to 31 July 2019)	25-30 (0)	-	10-15	40-45	65-70 (0)	-	15-20	85-90

Figures shown are for the Senior Leadership Team in place during 2019-20 who were Creative Scotland employees.

- Mr Munro was Acting Chief Executive until his appointment as Chief Executive on 14 October 2019. FTE salary for the Acting Chief Executive role is in the range £110,000 to £115,000. FTE salary for the Chief Executive role is in the range £115,000 to £120,000.
- Mr Fowler was seconded to the Scottish Government for the full financial year.
- FTE Salary is in the range £60,000 to £65,000
- FTE Salary is in the range £75,000 to £80,000
- Mr Donaldson is also Head of Film Education. FTE Salary is in the range £50,000 to £55,000. Salary is shown for the period Mr Donaldson was a member of the Senior Leadership Team.
- FTE Salary was in the range £65,000 to £70,000

Seconded senior staff

Mr Ken Miller was seconded to Creative Scotland from Health Improvement Scotland as Interim Director of Communications with effect from 7 February 2019. The FTE salary for this post under the secondment agreement is £65,000 to £70,000 and Creative Scotland paid £107,000 (salary, on-costs and VAT) to Health Improvement Scotland for the period of the secondment to 31 March 2020. Mr Miller remains an employee of Health Improvement Scotland.

Mr John Campbell was seconded to Creative Scotland from the Scottish Government as Director of Digital Transformation with effect from 9 September 2019. The FTE salary for this post under the secondment agreement is £70,000 to £75,000 and Creative Scotland paid £69,000 (salary, on-costs and VAT) to the Scottish Government for the period of the secondment to 31 March 2020. Mr Campbell remains an employee of the Scottish Government.

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 (2018/19- 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 2020 and 31 March 2019*:

Name	Accrued pension (lump sum) 31 March 2020 £'000	Accrued pension (lump sum) 31 March 2019 £'000	Real increase in pension (lump sum) £'000	CETV 31 March 2020 £'000	CETV 31 March 2019 £'000	Real increase in CETV £'000
Iain Munro	30-35 (90-95)	25-30 (80-85)	2.5-5 (10-12.5)	612	496	77
Isabel Davis	0-5 (5-10)	0-5 (0-5)	0-2.5 (2.5-5)	33	11	18
Kenneth Fowler	5-10 (20-25)	5-10 (20-25)	0-2.5 (2.5-5)	163	134	17
Karen Lannigan	15-20 (5-10)	10-15 (5-10)	0-2.5 (0-2.5)	221	176	45
Ian Stevenson	10-15 (30-35)	5-10 (25-30)	0-2.5 (5-7.5)	200	162	23
Clive Gillman	0-5 (10-15)	0-5 (5-10)	0-2.5 (2.5-5)	87	64	18
Joan Parr	10-15 (30-35)	10-15 (30-35)	0-2.5 (0-2.5)	252	223	14
Gary Cameron	0-5 (5-10)	-	0-2.5 (0-2.5)	33	-	6
David Smith	0-5 (0-5)	-	0-2.5 (0-2.5)	8	-	6
Scott Donaldson	15-20 (20-25)	15-20 (20-25)	0-2.5 (0-2.5)	358	336	22
Philip Deverell ¹	0-5 (10-15)	0-5 (10-15)	0-2.5 (2.5-5)	98	88	9

1. CETV shown at the date employment with Creative Scotland ended

Pension scheme

Pension benefits are provided through the Arts Council Retirement Plan (1994) for Creative Scotland and legacy Scottish Arts Council staff. Legacy Scottish Screen staff are members of 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*

Exit package cost band	Compulsory redundancies		Other settlements	
	Total number of packages by cost band (2019/20)	Total number of packages by cost band (2018/19)	Total number of packages by cost band (2019/20)	Total number of packages by cost band (2018/19)
Less than £10,000	-	-	-	-
£10,000 to £24,999	-	-	1	-
£25,000 to £49,999	-	-	-	-
£50,000 to £100,000	-	-	-	1
Over £100,000	-	-	-	-
Total number of exit packages	-	-	1	1

Exit packages include pay in lieu of notice, and other benefits in kind (taxable and non-taxable).

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.

	2019/20	2018/19
Banded remuneration of the highest paid director in Creative Scotland	£115,000 to £120,000	£110,000 to £115,000
Median Remuneration of Creative Scotland staff	£29,998	£34,472
Ratio	3.92	3.32
Range of staff remuneration below highest paid director (bands of £5,000)	£15,000 to £95,000	£15,000 to £90,000
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.

Staff costs and numbers*

	2019/20	2019/20	2019/20	2019/20	2018/19
	Employees (£'000)	Agency staff (£'000)	Inward Secondees (£'000)	Total (£'000)	Total (£'000)
Staff Costs	4,504	-	-	4,504	4,232
NI	448	-	-	448	387
Pension costs	1,157	-	-	1,157	1,199
Agency fees	-	231	-	231	31
Invoiced	-	-	176	176	63
Total	6,109	231	176	6,516	5,912
Average FTE by directorate					
Executive Office	6.9	-	-	6.9	6.7
Finance and Funding	17.7	0.4	-	18.1	20.4
Communications	13.7	0.5	1	15.2	14.2
HR & Office Services	10.3	0.3	-	10.6	10.2
Arts & Engagement	34.1	-	-	34.1	33.6
Screen Scotland	16.0	0.8	-	16.8	15.5
Creative Industries	7.2	-	-	7.2	7.0
Strategy	11.9	-	-	11.9	11.5
Digital Transformation	6.0	1.8	0.8	8.6	-
Total	123.8	3.8	1.8	129.4	119.1

Costs include two employees who were seconded to the Scottish Government, with additional grant-in-aid allocated to offset staff costs during the period of their secondment.

The Digital Transformation Directorate was created during the year as a temporary new structure which covers ICT and organisation development staff. Previously the ICT team sat within Finance and Funding.

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 2020.

	Males	Females
Senior Leadership Team	6	3
Creative Scotland Board	8	5

Sickness absence

In the year to 31 March 2020, an average of 5.4 working days (2019: 5.7 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 employer's forum on sexual orientation in the workplace.

External contractors

In the year to 31 March 2020, Creative Scotland incurred expenditure of £106,000 on external contractors, which is made up of:

	£'000
External assessors	21
Contractors	85
	106

All contractors and external assessors are employed in line with Creative Scotland's procurement policy.

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

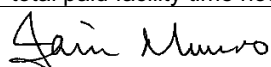
% of time	Number of employees
0%	-
1-50%	3
51-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time (£)	2,300
Total pay bill (£)	6,109,000
% 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
26 November 2020

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

Report 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 National Lottery Distribution Fund for the year ended 31 March 2020 under the National Lottery etc. Act 1993. The financial statements comprise the Statement of Comprehensive Net Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2019/20 Government Financial Reporting Manual (the 2019/20 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with the National Lottery etc. Act 1993 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2020 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2019/20 FReM; and
- have been prepared in accordance with the requirements of the National Lottery etc. Act 1993 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 26 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 nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Risks of material misstatement

I have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of the Accountable Officer 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 deemed inappropriate.

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 economic decisions of users taken on the basis of these financial statements.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting 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. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

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.

Other information in the annual report and accounts

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the information other than the financial statements, the audited part of the Remuneration and Staff Report, and my independent auditor's report. 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 matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual report and accounts and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Report 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. 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.

Report on other requirements

Opinions on matters prescribed by the Auditor General for Scotland

In my opinion, the audited part of the Remuneration and Staff Report has been properly prepared in accordance with the National Lottery etc. Act 1993 and directions made thereunder by the Scottish Ministers.

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 National Lottery etc. Act 1993 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 National Lottery etc. Act 1993 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

Liz Maconachie

Senior Audit Manager, Audit Scotland

4th Floor, 8 Nelson Mandela Place

Glasgow, G2 1BT

26 November 2020

Statement of Comprehensive Net Income

For the year ended 31 March 2020

	Notes	2019/20	2018/19
		£'000s	£'000s
Income			
National Lottery Fund proceeds	3	31,767	28,626
Other income	4	515	534
		<u>32,282</u>	<u>29,160</u>
Expenditure			
Grants	5	22,616	22,205
Less: de-commitment of prior year grants		(704)	(80)
Project expenditure		356	448
Staff costs	6	2,308	2,059
Other operating expenditure	7	814	838
		<u>25,390</u>	<u>25,470</u>
Surplus on the Fund		<u>6,892</u>	<u>3,690</u>

All the results of the Fund relate to continuing activities.

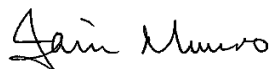
The notes on pages 41 to 50 form part of these annual report and financial statements.

Statement of Financial Position

As at 31 March 2020

	Notes	31 March 2020	31 March 2019
		£'000s	£'000s
Current assets			
Trade and other receivables	8	106	213
Investments in the NLDF	9	21,346	16,974
Cash and cash equivalents	10	6,428	3,685
Total current assets		27,880	20,872
Current liabilities			
Trade and other payables	11	(841)	(1,533)
Grants outstanding	13	(17,355)	(15,355)
Total current liabilities		(18,196)	(16,888)
Net current assets/(liabilities)		9,684	3,984
Non-current liabilities			
Grants outstanding	13	(1,998)	(3,190)
Provisions	12	(70)	(70)
Total non-current liabilities		(2,068)	(3,260)
Net assets		7,616	724
Reserves		7,616	724

The Accountable Officer authorised these financial statements for issue on 26 November 2020.



Iain Munro
Chief Executive of Creative Scotland and Accountable Officer
26 November 2020

The notes on pages 41 to 50 form part of these annual report and financial statements.

Statement of Cash Flows

For the year ended 31 March 2020

	2019/20	2018/19
	£'000s	£'000s
Cash flows from operating activities		
Surplus on ordinary activities	6,892	3,690
<i>Movements in working capital</i>		
Decrease/(Increase) in trade receivables	107	50
(Decrease)/Increase in trade payables	116	(308)
(Decrease)/Increase in provisions	-	-
Decrease/(Increase) in NLDF investments	(4,372)	88
Net cash flow from operating activities	(4,149)	(170)
Net increase / (decrease) in cash and cash equivalents	2,743	3,520
Net cash and cash equivalents as at 1 April	3,685	165
Net cash and cash equivalents as at 31 March	6,428	3,685

Analysis of changes in net funds

	Net cash and cash equivalents
1 April 2019	3,685
Cash flows	2,743
31 March 2020	6,428

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2020

	2019/20	2018/19
	£'000s	£'000s
Opening general reserve at 1 April	724	(2,966)
Transferred from SOCNi	6,892	3,690
Closing general reserve at 31 March	7,616	724

The notes on pages 41 to 50 form part of these annual report and financial statements.

Notes to the financial statements

(Forming part of the financial statements)

1. Accounting Policies

a) Basis of accounting and preparation

In accordance with the accounts direction issued by Scottish Ministers under Section 35 of Part II of the National Lottery etc. Act 1993 (as amended by the National Lottery Act 2006), these financial statements have been prepared in accordance with the 2019/20 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.

b) Accounting Convention

These accounts have been prepared under the historical cost convention, with the exception of the balances held in the National Lottery Distribution Fund which are calculated at market value.

c) Going Concern

These accounts have been prepared on the going concern basis. The Board is of the view that the financial plan for the future operation of the fund provides an adequate level of assurance that the going concern basis remains appropriate. This financial plan provides assurance around how the net liabilities position will be resolved in the forthcoming years and includes scenarios as to how variances in future income levels would be addressed. The settlement of commitments will be met by continuing cashflow from lottery proceeds and sufficient cash will be maintained to meet commitments as they fall due.

d) Accruals Convention

All income and expenditure is taken into account in the financial year to which it relates.

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 as outline in the contract.

e) Accounting for funding awards

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.

Grants which have been approved but not recognised as future conditions have still to be met are disclosed in Note 13.

f) Project development awards

Creative Scotland makes awards which are for the development of projects to progress them to production. Some or all of these awards may be repayable in the event of a project reaching completion. Income is only accrued when the repayment conditions are fulfilled.

g) Property, Plant & Equipment (PPE)

No items of property, plant and equipment are held solely for Lottery use.

h) National Lottery Distribution Fund

Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for Culture, Media & Sport. However, the share of these balances attributable to Creative Scotland is as shown in the Accounts and, at the Statement of Financial Position date has been certified by the Secretary of State for Culture, Media & Sport as being available for distribution by the body in respect of current and future commitments subject to:

- Completion of the Statement of Assurance of Payments due to the National Lottery Distribution Fund for 2019/20 by the National Lottery Commission.
- Completion of the audit of the National Lottery Distribution Fund accounts for 2019/20 by the National Audit Office.
- The NLDF balance is brought to account at market value reflecting the requirements of IFRS.

i) 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 in the statement of financial position. 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. 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.

Embedded Derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit and loss.

j) Pensions

Creative Scotland as an employer

Pension costs for Creative Scotland staff are recharged to the Lottery Fund for staff employed on lottery related activities. Past employees of Scottish Screen are covered by the provisions of the Strathclyde Pension Scheme and past employees of the Scottish Arts Council are covered by the Arts Council Retirement Plan 1994. On 1 July 2010, the Strathclyde Pension Scheme was closed to new members of Creative Scotland and all new starts are now admitted to the Arts Council Retirement Plan 1994.

As Creative Scotland is the employer of staff, the pension schemes are accounted for under International Accounting Standard 19 (revised), *Employee Benefits*, within the financial statements of Creative Scotland. Within the Lottery Fund therefore, the recharged share of the pension contributions is expensed to the Statement of Comprehensive Income in the year.

k) 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.

l) Cash and Cash Equivalents

Cash and cash equivalents includes 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.

m) Short Term Employee Benefits

Short term employee benefits for Creative Scotland staff are recharged to the Lottery Distribution Fund for staff employed on lottery related activities. A liability and an expense is 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.

o) VAT

Creative Scotland is not registered for VAT and therefore does not charge VAT on supplies or reclaim VAT on eligible expenditure.

2 Critical accounting estimates and judgements

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

- 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 40% of 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.

3 National Lottery proceeds

	2019/20	2018/19
	£'000s	£'000s
Share of income from NLDF	31,614	28,480
Investment income	153	146
Movement in revaluation reserve	-	-
Total National Lottery proceeds	31,767	28,626

National Lottery proceeds are notified to Creative Scotland by the Department of Culture, Media and Sport (DCMS).

4 Other income

	2019/20	2018/19
	£'000s	£'000s
British Film Institute	200	200
Project Income	61	0
Miscellaneous Income	2	3
Award repayments	252	331
Total other income	515	534

The British Film Institute contributed £200,000 in funding towards the Scottish Film Talent Network, a joint project with Creative Scotland.

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

5 Grant commitments

	2019/20	2018/19
	£'000s	£'000s
Regularly Funded Organisations		
Transition Funding	-	1,480
Open Funds		
Open Project Fund	8,170	10,228
Touring Fund	3,026	-
Capital	-	1,300
Targeted- Arts and Engagement		
Artist Run Organisations	350	15
Artists Rooms	-	55
Art Strategies	-	50
Book Week Scotland	200	220
Creative Learning Plan	150	150
Creative Learning Strategic Development	103	43
Gaelic Development and Traditional Arts	115	92
Gavin Wallace Fellowship	25	25
International Market Development	585	573
Literature Translation	-	30
Scots Scriever	-	25
Sector Development	226	73
Time to Shine	80	90
Targeted- Screen Scotland		
Cinema Projection Fund	1,101	-
Film Education	643	-
Film Festival Fund	643	761
Other Talent (Targeted)	339	-
Film and Content Development	2,886	3,686
Screen Strategy	523	630
Skills	868	-
Audience Development	-	500
Production Growth Fund	-	730
Targeted- Creative Industries		
Creative Industries	353	411
Cultural Business Development	27	-
Sector Development	156	-
Targeted- Strategy		
Awards for All	500	453
EDI	845	118
Place, Partnerships and Communities	258	59
Visual Arts & Crafts Awards	99	109
International Partnerships and Showcases	-	260
Targeted- Other		
Business Support – Data & Analytics	345	-
Legacy grant programmes	-	14
Strategic Fund	-	25
Total grant commitments	<u>22,616</u>	<u>22,205</u>

6 Staff costs

	2019/20	2018/19
	£'000s	£'000s
Staff costs during the year		
Wages and salaries	1,728	1,511
Social security costs	178	153
Pension costs	399	388
Movement in holiday pay accrual	3	7
Total staff costs	2,308	2,059

All employment contracts are with Creative Scotland, and relevant amounts are recharged to the Fund based on a recharge methodology. The recharge for the year was 40% (2018/19: 40%).

7 Other operating expenditure

	Direct 2019/20 £'000s	Recharged 2019/20 £'000s	Total 2019/20 £'000s	Total 2018/19 £'000s
HR	-	65	65	46
Estates	-	250	250	259
ICT	-	64	64	57
Operations	1	1	2	3
Office services	-	34	34	33
Audit fees	24	-	24	23
Central services	-	172	172	177
Legal & professional	33	-	33	113
Communications	-	57	57	58
Policy and Research	44	-	44	-
External Assessors	13	-	13	24
Awards for All overheads	56	-	56	45
Total other operating expenditure	171	643	814	838

8 Trade receivables and other current assets

	31 March 2020	31 March 2019
	£'000s	£'000s
Trade receivables	53	98
Sundry	53	115
Total trade receivables and other current assets	106	213

9 Investment balance in the NLDF

	31 March 2020	31 March 2019
	£'000s	£'000s
Balance at 1 April	16,974	17,062
Adjustment to opening balances	-	-
Brought forward balance	16,974	17,062
Lottery proceeds	31,614	28,480
Investment income	153	146
Funds drawn down	(27,395)	(28,714)
Total investment balance in the NLDF	21,346	16,974

The closing market value as at 31 March 2020 reflects the balances available to the Fund from the National Lottery Distribution Fund as advised by the interim statement of balance provided by the Secretary of State for Culture, Media and Sport.

In accordance with the National Lottery etc. Act 1998, National Lottery income receivable by Creative Scotland is passed by the NLDF to the Commissioners for the Reduction of National Debt (CRND) whose role is to apportion funds received into the NLDF correctly between the distributing bodies; and to invest the funds held in the NLDF, in accordance with directions issued by HM Treasury, until such time as they are required by the bodies to make payments to successful grant applicants.

The CRND invest the income in a narrow band of low risk assets such as government bonds and cash. Creative Scotland has no control over the investment of funds on their behalf. The management of the National Lottery Distribution Fund meets with representatives of the Commissioners for the Reduction of National Debt on a regular basis to manage the risks associated with the investment of these monies.

10 Cash and cash equivalents

The following balances at 31 March were held at:

	31 March 2020	31 March 2019
	£'000s	£'000s
Government Banking Service	6,371	3,637
Commercial banks	57	48
Cash in hand	-	-
Total cash and cash equivalents	6,428	3,685

11 Trade payables and other current liabilities

	31 March 2020	31 March 2019
	£'000s	£'000s
Trade payables	14	50
Accruals	313	258
Due to Creative Scotland	206	924
Deferred income	-	-
Other	308	301
Total trade payables and other current liabilities	<u>841</u>	<u>1,533</u>

12 Provisions

	Dilapidations 2020 £'000s	Total 2020 £'000s	Total 2019 £'000s
Balance at 1 April	70	70	70
Arising in the year	-	-	-
Utilised in the year	-	-	-
Total provisions	<u>70</u>	<u>70</u>	<u>70</u>

The Dilapidation provision relates to the charge due to the Fund relating to reinstatement under the leases for our Edinburgh office held by Creative Scotland, and is based on an externally commissioned report. The provision will be utilised towards the end of the lease terms subject to negotiation with the landlords.

13 Grants outstanding

	2019/20 £'000s	2018/19 £'000s
Balance at 1 April	18,545	18,973
De-commitment of prior year awards	(583)	(98)
Committed in year	22,116	21,752
Paid in year	(20,725)	(22,082)
Total grants outstanding	<u>19,353</u>	<u>18,545</u>

	2019/20 £'000s	2018/19 £'000s
Balance due within one year	17,355	15,355
Balance due between one year and five years	1,998	3,190
Balance due over five years	-	-
Total grants outstanding	<u>19,353</u>	<u>18,545</u>

Grants outstanding have been profiled over years based on contracted payment profiles and for other projects that have other timeframes, the estimated cashflow profiles.

14 Financial instruments

International Accounting Standard 32, *Financial Instruments: Presentation*, requires disclosure of financial instruments 'that are complex or play a significant medium to long-term role in the financial risk profile' that the Fund faces in undertaking its activities. Cash requirements for lottery expenditure are met by drawing down against monthly forecasts of need from the balances held on behalf of Creative Scotland by the National Lottery Distribution Fund (NLDF).

At 31 March 2019, the balance held at the NLDF was £17 million. This has increased to £21.3 million by 31 March 2020, at which point there were £19.4 million of grant commitments yet to be paid out. In budgeting for current expenditure Creative Scotland balances the anticipated outflow of cash payments against grant commitments along with forward forecasts of Lottery income.

14 a) Liquidity risk

During the financial year, 98.5% of the Fund's income derived from National Lottery proceeds. The remaining income is derived from bank interest and award repayments of 0.8%, and from other income in relation to the project income, of 0.7%.

14 b) Cash flow projections over the next financial year

We do not believe that we are exposed to significant liquidity risks, and are satisfied that we have sufficient current liquid resources to cover our projected payments over the next financial year.

14 c) Interest rate risk

In accordance with the National Lottery etc. Act 1998, National Lottery income receivable by Creative Scotland is passed by the NLDF to the Commissioners for the Reduction of National Debt (CRND) whose role is to apportion funds received into the NLDF correctly between the distributing bodies; and to invest the funds held in the NLDF, in accordance with directions issued by HM Treasury, until such time as they are required by the bodies to make payments to successful grant applicants. The CRND invest the income in a narrow band of low risk assets such as government bonds and cash. Creative Scotland has no control over the investment of funds on their behalf. The management of the National Lottery Distribution Fund meets with representatives of the Commissioners for the Reduction of National Debt on a regular basis to manage the risks associated with the investment of these monies.

At the balance sheet date, the market value of Creative Scotland's share of the National Lottery Distribution Fund was £21.4 million. In the year, the average return on these investments was 0.72%.

Cash balances which are drawn down by Creative Scotland from the National Lottery Distribution Fund to pay grant commitments and operating costs are held in the Government Banking Service through the National Westminster Bank plc and a commercial account held with the Royal Bank of Scotland. The cash balances at the year-end were a total of £6.4 million. We consider that we are not exposed to significant interest rate risks on our cash balances.

14 d) Foreign currency risk

Our exposure to foreign currency risk is not significant as less than 1% of transactions by value are processed in currencies other than sterling when compared to total operating costs.

15 Related party transactions

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

Related party transactions in respect of Creative Scotland are detailed in the Financial Statements for the year ended 31 March 2020. During the year, Creative Scotland invoiced the Lottery Distribution Fund for £2.9 million in respect of recharges for the year for staff, overhead and related costs. The Scottish Government's Culture, Tourism and Major Events Directorate 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.

The following related party transactions were incurred during 2019/20 in relation to board members of Creative Scotland.

Board member	Related party	Awards made 19/20	Payments made 19/20
Duncan Cockburn	Sound Festival (Director)	£130,000 Open Fund	£65,000

Accounts Direction



CREATIVE SCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS

1. **The Scottish Ministers, in pursuance of Section 35 of Part II of the National Lottery etc. Act 1993, hereby give the following direction.**
2. **The statement of accounts which, it is the duty of Creative Scotland to prepare in respect of its National Lottery distribution activities for the financial year ended 31 March 2012, and subsequent financial years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FRM) which is in force for the year for which the statement of accounts are prepared.**
3. **The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.**
4. **Clarification of the additional disclosure requirements are set out in Schedule 1 attached.**

Signed by the authority of the Scottish Ministers

Dated

25 Jan. 2012

SCHEDULE 1

Additional Accounting and Disclosure Requirements

The following paragraphs detail the additional requirements as agreed by the Scottish Ministers and Creative Scotland, over and above those disclosures required in the Government Financial Reporting Manual.

1. The **Statement of Net Comprehensive Income/Expenditure** shall include as separate items, where material:
 - a) the share of Lottery proceeds attributable to the Fund
 - b) the share of investment income of the National Lottery Distribution Fund attributable to the Fund
 - c) interest receivable on lottery funds
 - d) repayment of grants
 - e) any other income
 - f) grant made from lottery funds
 - g) lapsed or revoked grant previously recorded as commitments from lottery funds
 - h) the total operating costs incurred in respect of National Lottery distribution activities

2. The **Statement of Financial Position** shall include:
 - a) under the heading "Current assets": shown as an investment, the balance held on behalf of the body at the National Lottery Distribution Fund;
 - b) Grant falling due for payment within one year should be disclosed separately under the heading "Current liabilities".
 - c) Grant falling due for payment after more than one year should be separately disclosed under the heading "Non-current liabilities"

3. The **Cash Flow Statement** shall use the indirect method when presenting "Cash flow from Operating Activities";

4. The **Notes to the Accounts** should meet the requirements of the FReM and include:
 - a) A statement that the Accounts have been prepared in a form directed by the Scottish Ministers in accordance with Section 35 of Part II of the National Lottery etc. Act 1993 (as amended by the National Lottery Act 2006)
 - b) A statement of the accounting policies. This must include a statement explaining the nature of the balances held on the body's behalf in the National Lottery Distribution Fund as follows:
 - c) "Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for Culture, Media & Sport. However, the share of these balances attributable to Creative Scotland is as shown in the Accounts and, at the Statement of Financial Position date, has been certified by the Secretary of State for Culture, Media & Sport as being available for distribution by the body in respect of current and future commitments."
 - d) the value of grant commitments at the year- end which the body has made but which have not been included as liabilities in the Statement of Financial Position because they did not meet the criteria for being treated as liabilities at that date

- e) Where grants exceed available resources as shown in the Statement of Financial Position, a note explaining the rationale for the over-commitment taking into account any advice received from the Department as appropriate.
- f) A note reconciling the opening and closing balance of investments held at the NLDF. This should disclose proceeds received from the National Lottery, investment income, unrealised gains and losses on investment, and cash drawn down from the NLDF
- g) A breakdown of the total grant liabilities (current and non-current) in the SoFP to show:
 - i. Liability brought forward
 - ii. Commitments in the year
 - iii. Decommitments
 - iv. Commitments paid
 - v. Liability carried forward
 - vi. A breakdown of the liability for each year up to and including 5 years and over 5 years.

Appendix 1- List of grants, awards and investments over £100,000

Grants totalling £22.6 million were made during the year in support of a range of projects.

List of grants over £100,000 are noted below:

Programme	Organisation	Award
Open Funds	Rapture Theatre	282,934
	Rapture Theatre	206,366
	Red Bridge Arts	192,377
	Starcatchers	170,603
	Two Destination Language	160,877
	Raw Material Arts	148,461
	Artlink Edinburgh and the Lothians	145,000
	SUPERTFAN	143,219
	Emma Jayne Park	137,700
	Sound Festival	130,000
	Bex Anson	123,245
	Company of Wolves	123,039
	Take Me Somewhere Limited	115,000
	Talbot Rice Gallery	108,000
	Company Chordelia	102,235
Helen Milne Productions	100,000	
Sonic Bothy	100,000	
Targeted – Arts and Engagement	Scottish Book Trust	200,000
	British Council Scotland	150,000
	Education Scotland	150,000
	Jerwood Arts	100,000
Targeted – Screen Scotland	Centre for the Moving Image	483,000
	Junction KTF Ltd	400,000
	Barry Crerar Ltd	400,000
	The Black Camel Picture Company Ltd	400,000
	BECTU Vision	232,665
	Edinburgh Napier University (Screen Academy Scotland)	231,005
	Scottish Documentary Institute	205,000
	LBP Outlander	202,968
	Animation Garden	180,000
	GMAC Film	142,531
	Glasgow Short Film Festival	140,000
	Screen Education Scotland	140,000
	Glasgow Film	140,000
	Scottish Queer International Film Festival	118,396
	Falkirk Community Trust	117,000
GMAC Film	100,000	
Targeted – Strategy	Hospitalfield Trust	155,000
	Luminate	103,494
Targeted – Business Support	The Audience Agency	291,215

A full list of all awards made can be found on our website at creativescotland.com

Appendix 2- Policy direction



Directions issued to Creative Scotland under section 26(1) as read with section 26A(1)(a) of the National Lottery etc. Act 1993

The Scottish Ministers, in exercise of the power conferred by section 26(1) as read with section 26A(1)(a) of the National Lottery etc. Act 1993, and having consulted with Creative Scotland pursuant to section 26(5) of that Act, hereby give the following directions:

1. In determining the persons to whom, purposes for which and the conditions subject to which they apply any money under section 25(1) of the National Lottery etc. Act 1993 in Scotland, Creative Scotland must take into account the following matters:
 - A. The need to ensure that money is distributed under section 25(1) for projects which promote the public good and which are not intended primarily for private gain.
 - B. The principles of:
 - Engagement – the development of programmes should be based on the active engagement of public, private and third sector partners, as appropriate;
 - Cohesion – ensuring that individuals and communities across Scotland have the opportunity to contribute to, participate and benefit from a more successful Scotland;
 - Sustainability – to improve Scotland’s environment today and for future generations while reducing Scotland’s impact on the global environment;
 - Additionality – the development of programmes should complement and add value to the strategies of partners and stakeholders;
 - Collaboration – where possible the outcomes of projects and programmes should benefit from effective collaboration between public, private and third sector partners.
 - C. The need to ensure that Creative Scotland considers applications which relate to the complete range of cultural, artistic and creative activities, in respect of which, it has the power to distribute money and its general functions as listed in the Public Services Reform (Scotland) Act 2010.

- D. The need to set specific time limits on the periods in respect of which grants are payable, whether for capital or revenue expenditure.
- E. The need:
 - (a) in all cases, for applicants to demonstrate the financial viability of the project for the period of the grant;
 - (b) where capital funding is sought:
 - (i) for a clear business plan incorporating the need for resources to be available to meet any running and maintenance costs associated with each project for a reasonable period, having regard to the size and nature of the project; and
 - (ii) to ensure that project evaluation and management process for major projects match those of the Cabinet Office's Gateway Reviews.
 - (c) in other cases, for consideration to be given to the likely availability of other funding to meet any continuing costs for a reasonable period after completion of the Lottery award, taking into account the size and nature of the project, and for Lottery funding to be used to assist progress towards financial sustainability.
- F. The need to ensure that Creative Scotland has such information as it considers necessary to make decisions on each application, including independent expert advice where required.
- G. The need to include a condition in all grants to acknowledge Lottery funding using the common Lottery branding.
- H. The need to keep the Scottish Government informed of the development of policies, setting priorities and making grants.
- I. The need to operate within the distinctive policy context in Scotland, adding value where appropriate to Scottish Ministers' strategy; with the development of opportunities for everyone to flourish within a more successful and sustainable Scotland.

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