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Creative Scotland

National Lottery Distribution Fund

Annual Report and Accounts

For the year ended 31 March 2022



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For the year ended 31 March 2022

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

Laid before the Scottish Parliament by the Scottish Ministers December 2022

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Performance Report

Joint Report by the Chair and the Chief Executive

The year from April 2021 to March 2022 continued to be extremely challenging for the people and organisations that we support, and for society as a whole in Scotland, as the Covid-19 pandemic continued to impact all our lives in many different ways, economically, socially and in terms of health and wellbeing.

Different waves of Covid-19 through 2021 and into 2022 continued to impact the culture and creative sector, necessitating the extension of public health restrictions that, in turn delayed the re-opening of performance spaces, narrowed the scope and scale of cultural programming, and deeply affected income and employment across the sector.

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

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

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

For 2021/22, this significant level of emergency funding sat alongside over 1,400 funding awards made through our existing funding programmes totalling £84.5 million in value. A detailed breakdown of our funding is shown on page 9. This includes the continued provision of Regular Funding to 121 organisations; the continued availability of Open Funding for Individuals and Organisations; and broad support for different aspects of creative and cultural provision through Targeted Funding support for Scotland's screen sector and the Youth Arts and the Youth Music Initiative.

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

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

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

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

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

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

Performance Overview

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 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.

Strategic priorities

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

Creative Scotland's Objectives:

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

This will be done by Creative Scotland:

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

Creative Scotland will prioritise:

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

Going concern

At 31 March 2022, the Creative Scotland NLDF had net assets of £24.1 million (2021: £20.7 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.

Risk management

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

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

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

Risk identified	Mitigation of risk
<p>The introduction of the Future Funding Framework does not result in optimal outcomes for the sectors supported.</p>	<p>Spending Review, to ascertain the level of funds available to distribute through the revised programmes.</p> <p>Operational plans are in development to ensure sufficient staffing and organisational capacity to deliver the revised funding programmes.</p> <p>A robust methodology has been created to enable effective communication and understanding internally and externally.</p> <p>Internal audit have reviewed the design process for key elements of the Future Funding Framework and reported their findings to the Audit and Risk Committee.</p>

Consolidated report

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

Consolidated Statements of Net Income and Expenditure

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

Consolidated changes in Taxpayer's Equity

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

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

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

Review of funding

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

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

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

Funding includes the following items:

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

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

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

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

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

Regular Funding

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

During 2021/22, £30.8 million was allocated from grant-in-aid to the portfolio and £3.1 million was allocated from National Lottery funds. More details on the portfolio can be found in the Creative Scotland Group Accounts for the year ending 31 March 2022.

Open Project Funding

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

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

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

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

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

Successful applications over the categories:

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

Scots	1	5,000	0	0
Theatre	201	4,229,677	117	2,490,712
Traditional Arts	2	19,361	1	2,269
Visual Arts	234	4,345,439	115	2,160,861
Grand Total	1145	24,414,116	628	13,817,929

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

During the year, two rounds of Touring Fund were supported:

The first round was additional support to the successful Touring Fund applications from the 2019/20 financial year. The impact of COVID-19 and ongoing restrictions in the period since the awards were made required a revisit of budgets and touring plans, and additional funding was made available to allow the productions to operate on a revised schedule. A total of 22 top-up awards were made, totalling £679,000.

The second round was launched in April 2022, with decisions made at a panel on 17 July 2022 and 17 theatre and dance productions were successful, receiving a total of £1.72 million in funding. This will deliver 6 new and 11 reimagined productions set to embark on over 230 new performances touring indoor and outdoor spaces and venues throughout Scotland's villages, towns, cities, from summer 2022.

Targeted Funding

Targeted funding is used to address specific activities and development needs in a sector, specialism, or geographic area. In 2021/22, total targeted grant funding was £34.4 million of which £23.2 million was funded from grant-in-aid and £11.2 million was from National Lottery.

As with the other funding streams, the continued impact of COVID-19 and the lockdown did mean that a lot of programmes were delayed or postponed until 2021/22 financial year. As such, targeted funding was a lot lower than originally budgeted and less than prior years.

Key examples of targeted funding during 2021/22 include:

1. Sector Development

Sector Development budgets are provided to the different art form areas for specific projects identified in the Annual Plan for funding under the targeted funding routes, Funds are provided for: Music, Dance, Theatre, Visual Arts, Literature and Publishing and Creative Learning and Young People.

Funds totalling £965,000 were provided across the different art-forms, with the largest funded projects being:

- Showcase Scotland Expo- projects to provide live export opportunities for Scottish based artists working in the genres of folk, traditional, Scots, Gaelic, world and acoustic music (£150,000)
- The Visual Artist and Craft Maker Awards (VACMA), which is programme of small grants schemes delivered with a range of local authorities and art agencies across Scotland to support Scotland-based visual artists and craft makers in their creative development. £130,000 was awarded to 17 local partners for delivery of the programme.
- Book Week Scotland, an annual celebration of books and reading that takes place across the country. £200,000 of funding was provided to the Scottish Book Trust for the 2021 event which took place from the 15th to the 19th of November.
- The Nurturing Talent Fund is a programme that supports creative 11-25-year-olds to develop their chosen mediums, passions and talents. These include short film-making, music production, publishing, poetry, photography collections, recording demos and hosting dance shows. Two awards totalling £70,000 were made to Children in Scotland to administer the Fund.

2. International development and markets

These funds help promote Scottish art and artists in international markets. The largest projects funded during 2021/22 were:

- Festivals Edinburgh- delivery of the 2020 Momentum International Delegate Programme through 7 digital events connecting producers, presenters and policy makers to their Scottish counterparts through the medium of Edinburgh's August festivals.
- The Four Nations Fund is a UK wide fund that supports individuals and organisations in developing international partnerships and co-creation projects. The Fund was launched as a pilot in 2021/22 and was administered by Creative Scotland on behalf of Arts Council England, Arts Council Northern Ireland and Arts Council Wales/Wales Arts International. 38 projects totalling £203,000 were made. Creative Scotland contributed £20,000 to the Fund.

3. 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 2021/22, Creative Scotland delivered the following projects under Gaelic, Scots and Traditional Arts:

- A Gaelic development fund (£45,000) which provides funding to Gaelic programmes throughout Scotland.
- Funding of £10,000 was provided to the Bit Collective for the delivery a programme of safe-space discussions, workshops and performances promoting gender equality in the traditional arts.

4. Screen Scotland

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

In 2021/22, Screen Scotland activities funded from National Lottery totalled £7.3 million, and this was used to support the following areas:

Screen Strand	National Lottery spend in 2021/22 £'000	Details
Film Development & Production	3,575	This fund supports the development and production funding for feature length films and documentaries made by filmmakers based in Scotland.
Audience Development	1,191	The audience development fund provides funding for distribution and exhibition, and for film festivals. Film Festival Fund provided £563,000 to bring diverse film programmes to audiences across Scotland. A total of 13 festivals were supported, with many running on a digital basis due to lockdown restrictions.
Skills	766	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	1,121	Funding of £602,000 was provided for the Short Circuits project. This is an ambitious new film talent initiative for Scotland delivered by Film City Futures in partnership with Glasgow Film Theatre and the BFI Network who provide £200,000 in funding for the project. Up to 9 short films will be produced and 5 feature length

Screen Strand	Scotland	National spend in £'000	Lottery 2021/22	Details
				scripts will be developed through the programme each year. Other talent programmes were funded in the year, including initiatives with BECTU Vision (£187,000) and LBP Outlander (£247,000).
Film Education		448		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.

5. 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.

During 2021/22, the following projects were delivered from Creative Industries funds:

- Stay See Share/Go See Share- programmes to provide opportunity for individuals, organisations and creative businesses to undertake trips to research and explore new ways to expand their business activity and make them more financially sustainable.
- Radical Care Fund- a £75,000 fund for action research projects for organisations in the arts, screen and creative industries who want to try out new approaches to support those with caring responsibilities
- Crowdfunder- a project offering expert coaching and Creative Scotland match funding, to support Scotland's creatives to run crowdfunding campaigns

The Creative Digital programme was also delivered by the Creative Industries team during 2021/22. The programme aims to help creative and cultural businesses develop digital capabilities in response to the limitations imposed by the coronavirus (COVID-19) pandemic.

The programme includes: grants for creative businesses to build their digital capacity, courses to increase confidence in digital understanding, workshops and mentoring for artists and cultural organisations.

A total of 12 projects received funding of £982,000 in 2021/22 for the programme, including:

- Scottish Enterprise- two awards totalling £525,000 for targeted grants to SMEs
- The Space CIC, funding of £180,000 for digital commissioning will help to grow the skills, knowledge, confidence, and enthusiasm of creative businesses in key areas of their digital activity and allow them to publish works that engage audiences online
- Skills Development Scotland, funding of £95,000 for a new creative business digital capacity and capability strand called 'Creative Game Changer'.

These are just some examples of the range of work supported by Creative Scotland in 2021/22 in our role as funder, advocate, influencer and development body on behalf of the arts, screen and creative industries in Scotland.

Future Plans and performance

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

Strategic Framework refresh

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

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

We will do this by:

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

Future Funding Framework

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

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

Performance Analysis

Introduction

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

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

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

Financial performance

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

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

Results for the year ending 31 March 2022 versus budget

	<u>Actual</u> <u>£'000</u>	<u>Budget</u> <u>£'000</u>	<u>Variance</u> <u>£'000</u>
Income			
National Lottery Proceeds	(32,223)	(30,500)	1,723
Other	(486)	(680)	-194
Expenditure			
Grants awards and investments	26,351		
Project Expenditure	(752)		
Less de-committed awards	361		
Total net grants and project expenses	25,960	32,804	6,844
Staff costs	2,209	2,219	10
Other operating expenditure/income	1139	1,201	62
(Surplus)/Deficit on the Fund	(3,401)	5,044	8,445

The Fund reported a surplus of £3.4 million, a £8.4 million variance on the intended budgeted deficit of £5 million. The main reasons for the variances are:

- Additional National Lottery proceeds of £1.7 million over budget, mostly due to stronger performance of ticket sales for key games, and an increase in digital sales.
- Underspend of £6.8 million in grants. This was mostly due to the deferral of some grant programmes until 2022-23 as the organisation continued to focus on emergency COVID-19 response programmes.

Reserves

The Fund had total reserves of £24.1 million as at 31 March 2022 (2021: £20.7 million). 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 2023, the Creative Scotland Board approved a budget which allows the Fund to draw down up to £6.7 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 2021/22	Outturn for 2020/21
Minimum of 90% of funding applications processed within published timeframe	% of applications processed within agreed timeframe	90%	93%
Minimum of 90% of initial payments to successful funding applicants made within published timeframe	% of initial award payments made within 10 working days of exchange of contracts	83%	88%

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

Environmental Sustainability

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

Our work in this area includes:

- Working in conjunction with Creative Carbon Scotland in promoting the environment to support funded organisations, enabling them to report on their sustainable behaviour and contribution to CO2 emission reduction. Environmental sustainability is a criterion in the assessment of

applications from organisations for regular funding and carbon reporting will be mandatory for these organisations during the period of funding.

- Ensuring environmental sustainability is a key criterion in the assessment of tenders during the procurement processes.
- Establishing an environmental working group to co-ordinate and lead on environmental sustainability issues.
- Developing a Climate Emergency and Sustainability Plan (for publishing in 2022/23)

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

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

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

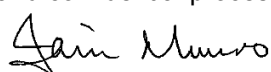
Social matters

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

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

Anti-bribery and corruption

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



Iain Munro
Chief Executive of Creative Scotland and Accountable Officer
2 December 2022

Accountability Report

Corporate Governance Report

Accountability Report

Corporate Governance Report

Director's Report

List of board members and senior leadership team:

Board Members

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

Senior Leadership Team

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

Creative Scotland Board

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

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

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

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

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

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

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

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

Subcommittees of the Board

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

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

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

Audit and Risk Committee

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

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

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

During the year, the Committee reviewed:

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

Finance and General Purposes Committee

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

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

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

During the year, the Committee reviewed:

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

Nominations Committee

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

Screen Committee

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

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

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

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

Political and Charitable Donations

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

Data loss

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

Statement of Accountable Officer's responsibilities

Under 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 2022, Audit Scotland is the appointed auditor. So far as the Accountable Officer is aware, there is no relevant audit information of which the auditor is unaware and the Accountable Officer has taken all the steps that he ought to have taken in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Governance Statement

Scope of Responsibility

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

Governance framework

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

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

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

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

Operation of the Board

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

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

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

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

The Board received regular updates from the Audit & Risk, Finance & General Purposes and Screen committees, which were standing items at each full board meeting. Details of the committees and their work in the year are noted on pages 20-22. The Nominations Committee did not meet during the year.

Accountable officer

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

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

Assessment of corporate governance in the period

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

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

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

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

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

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

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

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

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

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

Risk management

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

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

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

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

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

Response to COVID-19

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

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

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

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

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

Conclusion

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

Remuneration and staff report

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

Board*

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

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

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

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

Board members are not entitled to a pension.

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

Senior Leadership Team

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

Remuneration of the Senior Leadership Team*

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

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

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

Seconded senior staff

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

Salary

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

Benefits in kind

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

Bonus

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

Pension benefits

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

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

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

Pension scheme

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

Cash Equivalent Transfer Values

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

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the

benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of a pension benefit in another scheme or arrangement which the individual has transferred to Creative Scotland's pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost.

CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take into account any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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

Exit packages*

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

Median pay multiples*

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

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

Range of staff remuneration below highest paid director (bands of £5,000)	£20,000 to £100,000	£20,000 to £100,000
Employees receiving remuneration in excess of the highest-paid director	0	0

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

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

Staff costs and numbers*

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

Breakdown of employee groups by sex*

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

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

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

Sickness absence

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

Equalities and diversity

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

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

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

Trade Union Relations

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

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

Relevant union officials

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

Percentage of time spent on facility time

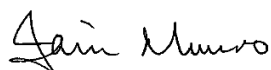
% of time	Number of employees
0%	-
1-50%	3
51-99%	-
100%	-

Percentage of pay bill spent on facility time

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

Paid trade union activities

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

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

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of Creative Scotland National Lottery Distribution Fund for the year ended 31 March 2022 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 significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2021/22 Government Financial Reporting Manual (the 2021/22 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with the 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 2022 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2021/22 FReM; and
- have been prepared in accordance with the requirements of the 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 26th January 2018. The period of total uninterrupted appointment is 5 years. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

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

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

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

Risks of material misstatement

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

Responsibilities of the Accountable Officer for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

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

Reporting on other requirements

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

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

Other information

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

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

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

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

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

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the 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, CPFA
Senior Audit Manager**

Audit Scotland
8 Nelson Mandela Place
Glasgow G2 1BT

Statement of Comprehensive Net Income

For the year ended 31 March 2022

	Notes	2021/22	2020/21
		£'000s	£'000s
Income			
National Lottery Fund proceeds	3	32,223	32,304
Other income	4	486	1,551
		<u>32,709</u>	<u>33,855</u>
Expenditure			
Grants	5	26,351	22,342
Less: de-commitment of prior year grants		(752)	(3,663)
Project expenditure		361	182
Staff costs	6	2,209	1,216
Other operating expenditure	7	1,139	735
		<u>29,308</u>	<u>20,812</u>
Surplus on the Fund		<u><u>3,401</u></u>	<u><u>13,043</u></u>

All the results of the Fund relate to continuing activities.

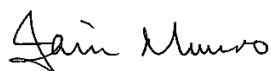
The notes on pages 43 to 52 form part of these annual report and financial statements.

Statement of Financial Position

As at 31 March 2022

	Notes	31 March 2022	31 March 2021
		£'000s	£'000s
Current assets			
Trade and other receivables	8	81	110
Investments in the NLDF	9	41,366	37,619
Cash and cash equivalents	10	2,186	3,797
Total current assets		43,633	41,526
Current liabilities			
Trade and other payables	11	(1,347)	(1,477)
Grants outstanding	13	(17,309)	(17,320)
Total current liabilities		(18,656)	(18,797)
Net current assets/(liabilities)		24,977	22,729
Non-current liabilities			
Grants outstanding	13	(847)	(2,000)
Provisions	12	(70)	(70)
Total non-current liabilities		(917)	(2,070)
Net assets		24,060	20,659
Reserves		24,060	20,659

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



Iain Munro
Chief Executive of Creative Scotland and Accountable Officer
2 December 2022

The notes on pages 43 to 52 form part of these annual report and financial statements.

Statement of Cash Flows

For the year ended 31 March 2022

	2021/22	2020/21
	£'000s	£'000s
Cash flows from operating activities		
Surplus on ordinary activities	3,401	13,043
<i>Movements in working capital</i>		
Decrease/(Increase) in trade receivables	29	(4)
(Decrease)/Increase in trade payables	(1,294)	603
(Decrease)/Increase in provisions	-	-
Decrease/(Increase) in NLDF investments	(3,747)	(16,273)
Net cash flow from operating activities	<u>(5,012)</u>	<u>(15,674)</u>
Net increase / (decrease) in cash and cash equivalents	<u>(1,611)</u>	<u>(2,631)</u>
Net cash and cash equivalents as at 1 April	3,797	6,428
Net cash and cash equivalents as at 31 March	2,186	3,797

Analysis of changes in net funds

	Net cash and cash equivalents
1 April 2021	3,797
Cash flows	(1,611)
31 March 2022	<u>2,186</u>

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2022

	2021/22	2020/21
	£'000s	£'000s
Opening general reserve at 1 April	20,659	7,616
Transferred from SOCNI	3,401	13,043
Closing general reserve at 31 March	<u>24,060</u>	<u>20,659</u>

The notes on pages 43 to 52 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 2021/22 Government Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM 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 2021/22 by the National Lottery Commission.
- Completion of the audit of the National Lottery Distribution Fund accounts for 2021/22 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 applicable operating costs to the Creative Scotland National Lottery Distribution Fund. This is based on management's judgement of the most appropriate recharge rate based on a number of factors, including the proportion of income from each fund over the medium term of operations. The recharge for the year was 32.5% for salaries and 40% for other operating costs (2020/21: 25% for salaries and 40% for other operating costs). The recharge rate for the 2021/22 financial year reflects the level of administration for COVID-19 emergency response programmes, all of which were funded from grant-in-aid. A number of NLDF grant programmes were also delayed due to the impact of the lockdown and due to staff working on the emergency funds. As a result, the Senior Leadership Team approved a reduced recharge for salaries for 2021/22.

3 National Lottery proceeds

	2021/22	2020/21
	£'000s	£'000s
Share of income from NLDF	32,178	32,285
Investment income	45	19
Total National Lottery proceeds	32,223	32,304

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

4 Other income

	2021/22	2020/21
	£'000s	£'000s
British Film Institute	200	200
Project Income	188	1,000
Miscellaneous Income	2	2
Award repayments	96	349
Total other income	486	1,551

Project income received in 2021/22 relates to £180,000 in funding from Arts Council England (£160,000), Arts Council of Northern Ireland (£10,000) and Wales Arts International (£10,000) towards the Four Nations International Fund. A contribution of £8,107 was also received from the Goethe Institute towards the evaluation of the Cultural Bridge Pilot Programme.

The British Film Institute contributed £200,000 in funding towards Short Circuit, 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

	2021/22	2020/21
	£'000s	£'000s
Regular Funding	3,100	-
Open Funds		
Open Project Fund	9,660	8,616
Touring Fund	2,406	603
Covid 19 Response Funds		
Bridging Bursary (Arts and Creative)	-	1,731
Targeted- Arts and Engagement		
Artist Led Practice Fund	-	369
Book Week Scotland	200	200
Gaelic, Scots and Traditional Arts	71	130
Gavin Wallace Fellowship	25	-
International Development and Markets	253	485
Scots Scriever	-	15
Sector Development	965	228
Time to Shine	-	105
Creative Learning Plan	160	-
Targeted- Screen Scotland		
Film Development & Production	3,575	3,000
Film Education	448	532
Film Festival Fund	563	312
Talent Development	1,121	1,313
Single Project Development	-	1,148
Screen Strategy	-	50
Skills	766	389
Audience Development	628	373
Broadcast Content Fund	-	1,743
Business and Market Development	176	-
Screen - EDI	8	-
Targeted- Creative Industries		
Creative Industries	233	192
Creative Digital	982	-
Sector Development	63	75
Targeted- Strategy		
Awards for All	-	38
EDI	224	91
Place, Partnerships and Communities	282	156
Visual Arts & Crafts Awards	-	95
Culture Collective	79	-
Targeted- Other		
Business Support – Data & Analytics	250	291
RFO Carbon Management	-	27
Workforce and Leadership Development	23	35
Culture Counts	90	-
Total grant commitments	<u>26,351</u>	<u>22,342</u>

6 Staff costs

	2021/22	2020/21
	£'000s	£'000s
Staff costs during the year		
Wages and salaries	1,723	942
Social security costs	156	86
Pension costs	341	178
Movement in holiday pay accrual	(11)	10
Total staff costs	2,209	1,216

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 32.5% (2020/21: 25%).

7 Other operating expenditure

	Direct	Recharge	Total	Total
	2021/22	2021/22	2021/22	2020/21
	£'000s	£'000	£'000s	£'000s
HR	-	56	56	38
Estates	-	205	205	236
ICT	-	436	436	286
Operations	1	17	18	10
Office services	-	25	25	16
Audit fees	25	-	25	25
Central services	-	74	74	71
Legal & professional	118	-	118	30
Communications	-	135	135	19
Policy and Research	-	-	-	(22)
External Assessors	47	-	47	23
Awards for All overheads	-	-	-	3
Total other operating expenditure	191	948	1,139	735

8 Trade receivables and other current assets

	31 March 2022	31 March 2021
	£'000s	£'000s
Trade receivables	-	8
Prepayments	29	-
Sundry	52	102
Total trade receivables and other current assets	81	110

9 Investment balance in the NLDF

	31 March 2022	31 March 2021
	£'000s	£'000s
Balance at 1 April	37,619	21,346
Adjustment to opening balances	-	-
Brought forward balance	37,619	21,346
Lottery proceeds	32,178	32,285
Investment income	45	19
Funds drawn down	(28,476)	(16,031)
Total investment balance in the NLDF	41,366	37,619

The closing market value as at 31 March 2022 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

:

	31 March 2022	31 March 2021
	£'000s	£'000s
Balance at 1 April	3,797	6,248
Net change in cash and cash equivalent balances	(1,611)	(2,451)
Balance at 31 March	2,186	3,797
The following balances at 31 March were held at		
Government Banking Service	2,158	3,786
Commercial banks	28	11
Cash in hand	-	-
Total cash and cash equivalents	2,186	3,797

11 Trade payables and other current liabilities

	31 March 2022	31 March 2021
	£'000s	£'000s
Trade payables	35	11
Accruals	115	87
Due to Creative Scotland	1,005	1,122
Other	192	257
Total trade payables and other current liabilities	<u>1,347</u>	<u>1,477</u>

12 Provisions

	Dilapidations 2022	Total 2022	Total 2021
	£'000s	£'000s	£'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

	2021/22	2020/21
	£'000s	£'000s
Balance at 1 April	19,320	19,353
De-commitment of prior year awards	(622)	(1,378)
Committed in year	23,251	22,304
Paid in year	(23,793)	(20,959)
Total grants outstanding	<u>18,156</u>	<u>19,320</u>

	2021/22	2020/21
	£'000s	£'000s
Balance due within one year	17,309	17,320
Balance due between one year and five years	847	2,000
Balance due over five years	-	-
Total grants outstanding	<u>18,156</u>	<u>19,320</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 2021, the balance held at the NLDF was £37.6 million. This has increased to £41.4 million by 31 March 2022, at which point there were £18.2 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 0.5%, and from other income in relation to the project income, of 1%.

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 £41.4 million. In the year, the average return on these investments was 0.1%.

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 NatWest Bank and a commercial account held with the Royal Bank of Scotland. The cash balances at the year-end were a total of £2.2 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 2022. During the year, Creative Scotland invoiced the Lottery Distribution Fund for £3.1 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 2021/22 in relation to board members of Creative Scotland.

Board member	Related party	Awards made 2021/22
Ewan Angus	BAFTA Scotland (Chair)	£65,000 Talent (2 awards)

One board member, Duncan Hendry, had a procurement contract with Creative Scotland in relation to the Touring Fund panel of assessors. A total of £1,000 was paid under this contract from NLDF funds.

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 £26.3 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	Sonic Bothy	110,000
	Take Me Somewhere Limited	100,000
	The Glasgow Barons	100,000
Touring Fund	Raw Material	292,181
	Wonder Fools	187,121
	Sleeping Warrior Theatre Company Ltd	121,154
	Helen McIntosh	119,618
	Julia Taudevin	117,008
	Katie Armstrong	111,320
	Dudendance Theatre	102,029
Targeted – Arts and Engagement	Scottish Book Trust	200,000
	Showcase Scotland Expo	150,000
Targeted – Screen Scotland	Film City Glasgow	600,000
	Arcade Pictures Ltd	500,000
	Chris Young Films Ltd	500,000
	Selkie Productions Ltd	350,000
	Unified Theory Productions Ltd	350,000
	The Audience Agency	249,875
	LBP Outlander	247,000
	Scottish Documentary Institute	240,000
	Compact Productions Ltd	230,000
	Glasgow Film	225,000
	Station House Media Unit	200,000
	LUX Scotland	187,405
	BECTU Vision	187,000
	GMAC Film	129,065
	Merkel Films Limited	120,000
GMAC Film	100,000	
Targeted – Creative Industries	Scottish Enterprise	300,000
	Scottish Enterprise	225,000
	The Space C.I.C	180,000
Targeted – Strategy	High Life Highland	200,000

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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