



Creative Scotland

National Lottery Distribution Fund

Annual Report and Accounts

For the year ended 31 March 2023

SG/2023/296



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

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SG/2023/296



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Performance Report

Joint Report by the Chair and the Chief Executive

The year from April 2022 to March 2023 coincided with an emergence from the Covid-19 pandemic for Scotland's people and communities. Whilst a return to a more normal life for many, the impact of the pandemic continued to have significant ramifications for Scotland's culture and creative sector. The funding delivered by Creative Scotland, provided by the Scottish Government and the National Lottery, was ever more critical to both cultural organisations and individual artists and creative practitioners.

In 2022/23, Creative Scotland made 1,643 funding awards through our existing funding programmes totalling £88.1 million in value. A detailed breakdown of our funding is shown on page 9. This included 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 cultural and creative provision through targeted funding support for Scotland's screen sector, Youth Arts, and the Youth Music Initiative.

This funding support was crucial in helping to support Scotland's artists, creative practitioners and cultural organisations continue to produce work that resonates, entertains, and inspires people who live, work, study or visit here. Creativity in all its forms continues to be a vital part of life in all parts of Scotland.

There is no shortage of success stories to be told about Scotland's culture and creativity, and we tell these daily across our channels through our advocacy work, including through the Our Creative Voice initiative, sharing data, evidence and case studies which demonstrate the impact that culture and creativity have on society, the economy, and the lives of people and communities across Scotland.

There is significant and consistent public recognition of the importance of culture and creativity in all our lives. Creative Scotland commissions public survey work which shows that over four in five Scots (84%) agree that there should be public funding of arts and cultural activities in Scotland. While, economically, the culture and creative sector makes a significant contribution to Scotland's finances. The Scottish Government Growth Sector Statistics at 1 September 2023 shows the value of Scotland's creative industries to be £4.4bn, supporting nearly 80,000 jobs.

Scotland's Screen sector also makes a significant contribution, creatively and economically. The most recent research commissioned by Screen Scotland demonstrates significant growth across all areas of production with an estimated £617.4 million being spent on the production of film, TV, and other audio-visual content in Scotland. Growth is in very large part due to sector development work undertaken since Screen Scotland was formed as part of Creative Scotland in 2018.

Looking forward, however, the budget situation for Creative Scotland, Screen Scotland and for the culture and creative sector in Scotland is far from certain. There is continued and growing pressure on public finances at both local and national level; an ongoing cost-of-living crisis (which is impacting individuals as much as organisations); rising inflation affecting business operating costs; global uncertainties. When combined with the exhaustion and risk of talent drain of people working in the sector, these mean that long term financial planning, and the planning of future cultural activity and programming, is extremely challenging.

Government budgets for culture remain centrally important but have seen flatline levels for many years, and as a non-statutory service, Local Government choices are deprioritising cultural support, all whilst demand for Creative Scotland funding is increasing considerably. Creative Scotland's National Lottery income continues to be an important source of flexibility for supporting individual artists and provision across the communities of Scotland.

There has been a 52% increase in Open Fund applications from 2019/20 to 2022/23 with financial requests doubling, and this high demand is continuing. Our Open Funds are supported by National Lottery funding and, in 2022/23, we launched the new National Lottery Open Fund for Organisations, as well as the National Lottery Extended Programme Fund, which also provides support for cultural organisations.

Creative Scotland is currently rolling out a new approach to supporting culture and creative organisations on a multi-year basis. The new Multi-Year Fund replaces the existing Regular Funding programme, which supports 120 organisations across Scotland; and elements of the National Lottery Open Fund and Targeted Fund.

In addition, we continue to support the sector in its fragile recovery from the impacts of the pandemic and current economic and financial environment, and do everything we can to improve its ability to face current and future challenges.

As well as the ongoing delivery of our Funding, this includes a continued focus on increasing participation in, and appreciation of the value of art and creativity through our advocacy work; helping the sector adapt to, and mitigate the impacts of the climate emergency; a commitment to Fair Work, promoting fair pay, conditions, and employment opportunities across the sector; delivering the commitments set out in the third iteration of our Gaelic Language Plan for 2023-28; developing opportunities for increased cultural contribution in other policy areas such as health; and 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.

The challenges facing the sector have never been greater but enormous ambition remains. We therefore continue to keep focussed on the public benefit that is delivered through our work in support of the people and organisations that produce and present Scotland's world-renowned art and creativity, and to increase appreciation of the value that creativity delivers in terms of Scotland's culture, wellbeing, equality, economy, and international reputation.

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 2023, the Creative Scotland NLDF had net assets of £22 million (2022: £24.1 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.

During the year, the risk management policy was updated, which included the establishment of separate risk registers for operations and the Arts, Communities and Inclusion directorates within Creative Scotland, to sit alongside the separate risk register for Screen Scotland. A corporate risk register summarises the key risks for the organisation for review by senior leadership and the Board. The five main risks identified for Creative Scotland as at 31 March 2023 are:

Risk identified	Mitigation of risk
<p><i>Scottish Government Funding</i></p> <p>A real terms reduction in grant-in-aid from the Scottish Government results in a reduction in cultural activity, job losses and a poorer quality of life for people living in Scotland.</p> <p>Reduced funding could lead to the non-delivery of Creative Scotland's strategic priorities in relation to: Equality, Diversity and Inclusion, Sustainable Development, Fair Work, and International.</p>	<p>Funding is discussed in regular meetings with the Scottish Government and the Scottish Parliament's culture committee.</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>Advocacy activity on the importance of funding culture in Scotland</p> <p>Detailed risk registers are now maintained for the key directorates of Screen Scotland and Arts, Communities, and Inclusion.</p>
<p><i>Delays in the funding settlement from the Scottish Government</i></p> <p>The Scottish Government may delay or reduce in-year, the allocation of grant-in-aid resulting in a reduction in cultural activity, job losses and a poorer quality of life for people living in Scotland.</p>	<p>Funding is discussed in regular meetings with the Scottish Government and the Scottish Parliament's culture committee.</p> <p>Regular review of budget outturn via the monthly management accounts, review of outputs from the operational planning app, and a mid-year review process to review and re-allocate funding as required.</p> <p>The Board will consider any reductions and impacts on the delivery of key strategic priorities.</p>
<p><i>National Lottery reserves</i></p> <p>Reduced Scottish Government grant-in-aid could lead to an associated depletion in National Lottery reserves, which will reduce Creative Scotland's ability to deliver its strategic priorities and multi-year funding.</p>	<p>Communication of the impact and issues associated with the substitution of National Lottery funding for grant-in-aid.</p> <p>Regular review of the outturn and projections for the CS NLDF, and ensuring comprehensive information is available to the Board for decision making on reserve levels.</p>
<p><i>Cyber Security</i></p> <p>There is a risk that a successful cyber attack is launched against Creative Scotland, resulting in impacts that affect the operation of the organisation.</p>	<p>A digital risk register is in place which details number of procedures and controls are in place to reduce the risk of cyber security failures in all our systems.</p> <p>A training programme for staff is underway in cyber security to further improve the control environment.</p>

Risk identified	Mitigation of risk
	<p>Actions to improve system vulnerability is also underway with an aim to fully improve key systems by the end of 2023.</p>
<p>Future Funding Framework</p> <p>The introduction of the Future Funding Framework (which includes the Multi-Year Funding Programme) does not result in optimal outcomes for the sectors supported.</p>	<p>Financial planning across future years and co-ordination with the Scottish Government's Resource Spending Review, to ascertain the level of funds available to distribute through the revised programmes.</p> <p>Operational plans are in development to ensure sufficient staffing and organisational capacity to deliver the revised funding programmes.</p> <p>A robust methodology has been created to enable effective communication and understanding internally and externally.</p> <p>Internal audit have reviewed the design process for key elements of the Future Funding Framework and reported their findings to the Audit and Risk Committee. They noted substantial progress had been made with a strong focus on an agile project management approach with good engagement from staff and Board members.</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 2023. 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

	2022/23				2021/22			
	CS				CS			
	CS ¹ £'000	NLDF ² £'000	Intra ³ £'000	Total £'000	CS ¹ £'000	NLDF ² £'000	Intra ³ £'000	Total £'000
Income								
National Lottery Proceeds	-	(32,104)	-	(32,104)	-	(32,223)	-	(32,223)
Project income from third parties	(845)	(200)	-	(1,045)	(1,003)	(388)	-	(1,391)
Other income	(4,417)	(308)	3,925	(800)	(3,740)	(98)	3,168	(670)
Sales revenue	(437)	-	-	(437)	(1,581)	-	-	(1,581)
Total income	(5,699)	(32,612)	3,925	(34,386)	(6,324)	(32,709)	3,168	(35,865)
Expenditure								
Net grants issued ⁴	51,878	31,008	-	82,886	126,657	25,599	-	152,256
Project expenses	1,073	360	-	1,433	1,175	361	-	1,536
Salaries	8,260	2,935	(2,930)	8,265	6,939	2,209	(2,220)	6,928
Depreciation	524	-	-	524	121	-	-	121
Other operating costs	4,510	1,406	(995)	4,921	4,823	1,139	(948)	5,014
Pension adjustments	9	-	-	9	17	-	-	17
Total expenditure	66,254	35,709	(3,925)	98,038	139,732	29,308	(3,168)	165,872
Net expenditure/(surplus)	60,555	3,097	-	63,652	133,408	(3,401)	-	130,007

Consolidated changes in Taxpayer's Equity

	CS £'000	CS NLDF £'000	Intra £'000	Total £'000
Opening Reserves as at 1 April 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)
Changes in taxpayers' equity 2022/23				
Net expenditure/surplus transferred	60,555	3,097	-	63,652
Grant-in-aid received from the Scottish Government ⁵	(59,162)	-	-	(59,162)
Actuarial (gain)/loss on the Strathclyde Pension Fund	111	-	-	111
Movement in Capital Grant	30	-	-	30
Closing Reserves as at 31 March 2023	(1,218)	(20,963)	-	(22,181)

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 Expenditure
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 £22.2 million, of which £21 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. There was no further budget for emergency funds in 2022/23, with one legacy award of £2,000 made relating to the Creative Scotland Hardship Fund.

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:

	2022/23			2021/22		
	CS £'000	CS NLDF £'000	TOTAL £'000	CS £'000	CS NLDF £'000	TOTAL £'000
Grants						
Regular Funding	33,381	-	33,381	30,774	3,100	33,874
Open Project Funding	648	15,041	15,689	4,153	9,660	13,813
Touring Fund	-	1,978	1,978	-	2,406	2,406
Targeted Funding	20,704	14,871	35,575	23,234	11,185	34,419
COVID Emergency Funding	2	-	2	69,244	-	69,244
Total grants distributed	54,735	31,890	86,625	127,405	26,351	153,756
Project expenses	1,073	360	1,433	1,175	361	1,536
Total funding	55,808	32,250	88,058	128,580	26,712	155,292

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

A full breakdown of the individual funds under each route for CS funded grants is shown in Note 8 (page 51) and for CS NLDF grants in Note 5 (page 46) 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 Creative Scotland' will be addressed.

No funding was allocated from National Lottery funds in 2022/23.

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.

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	2022/23				2021/22			
	Apps received	Awards made	Value (£'000)	Success rate	Apps received	Awards made	Value (£'000)	Success rate
Individuals	1,055	490	6,433	46%	779	414	5,458	53%
Organisations	419	218	9,256	52%	366	214	8,360	58%
TOTAL	1,474	708	15,689	48%	1,145	628	13,818	55%

In total, £15.7 million of funding was awarded to 708 successful applications during 2022/23. Of this, £0.6 million was funded from grant-in-aid and £15 million was funded from National Lottery.

Success rates declined in the year as the number of applications increased significantly from 2021/22, even although a higher budget was made available. The increase in applications coincides with COVID-19 restrictions ending and cultural activities resuming throughout Scotland.

A breakdown by category is shown below:

Successful applications over categories (2022/23 and 2021/22):

Categories	2022/23				2021/22			
	Apps. received	Funding requested (£'000)	Apps. Awarded	Awarded (£'000)	Apps. received	Funding requested (£'000)	Apps. Awarded	Awarded (£'000)
Arts & Health/Wellbeing	21	569	8	222	13	234	3	13
Children & Y. People	8	79	2	18	5	138	1	54
Crafts	62	1,085	28	368	34	557	16	284
Creative Industries	1	66	1	55	5	154	3	131
Creative Learning	14	300	4	155	4	76	3	74
Dance	66	1,863	39	1,159	46	1,097	32	878
Design	20	499	9	207	19	418	8	213
Digital	42	847	9	150	37	1,158	14	452
EDI	6	354	2	81	2	73	0	0
Interdisciplinary	29	681	18	358	3	35	2	22
Literature	150	2,470	76	1,348	130	2,496	78	1,511
Multi	51	2,777	33	1,808	70	2,656	40	1,680
Music	418	7,854	229	4,249	337	6,705	195	3,852
Other	6	115	1	2	0	0	0	0
Place and Communities	12	472	5	225	2	19	0	0
Scots	0	0	0	0	1	5	0	0
Theatre	233	5,694	104	2,663	201	4,230	117	2,491
Traditional Arts	6	75	2	13	2	19	1	2
Visual Arts	329	6,247	138	2,607	234	4,345	115	2,161
Grand Total	1,474	32,046	708	15,689	1,145	24,414	628	13,818

Touring Fund

The Touring Fund was launched in 2018/19 following recommendations made in a previously commissioned 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 which delivered a total of £1.98 million in funding to 20 different productions, which will begin touring over the spring and summer of 2023.

Targeted Funding

Targeted funding is used to address specific activities and development needs in a sector, specialism, or geographic area. In 2022/23, total targeted grant funding was £35.6 million of which £20.7 million was funded from grant-in-aid and £14.9 million was from National Lottery.

Key examples of targeted funding from National Lottery funds during 2022/23 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 £1.8m 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. £141,000 was awarded to 18 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 2022 event which took place from the 14th to the 20th of November.

2. International development and markets

These funds help promote Scottish art and artists in international markets. The largest projects funded during 2022/23 were:

- Festivals Edinburgh (£70,000)- delivery of the 2022 Momentum International Delegate Programme connecting producers, presenters and policy makers to their Scottish counterparts through the medium of Edinburgh's August festivals. Delivery moved back to an in-person programme following the end of COVID-19 restrictions.
- The British Council (£150,000) for the joint cultural partnership with Creative Scotland, which is now in its 10th year. This partnership exists to create international opportunities for the Scottish arts sector. This involves the development of new connections and professional networks with the aim of developing collaborations and securing commissions to increase both the international profile of the Scottish arts and to improve cultural relations.

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 2022/23, Creative Scotland delivered a number of projects under Gaelic, Scots and Traditional Arts, including:

- A Gaelic development fund (£45,000) which provides funding to Gaelic programmes throughout Scotland.
- A Gaelic artists programme on the Isle of Skye (£6,500). This ensured a continued programme of artists residencies with community partners, exploring Gaelic language and culture.

4. Awards for All

Creative Scotland rejoined the Awards for All programme in 2022/23. This is a National Lottery scheme in Scotland run by the Communities Fund, alongside Creative Scotland and Sportscotland.

Funding is provided in the range of £300 to £10,000 with the aims of to:

- bring people together to build strong relationships in and across communities.
- improve the places and spaces that matter to communities.
- help more people to reach their potential, by supporting them at the earliest possible stage.

In 2022/23, Creative Scotland provided £358,000 of grant funding to the Communities Fund to support cultural projects in the Fund and contributed £34,000 towards overheads for the Fund.

5. EDI

Total EDI funding of £845,000 was awarded from targeted funds in 2022/23. This supported a number of significant programmes including:

- Create:Inclusion (£532,000 over 46 awards). The Create:Inclusion Fund seeks to increase the diversity of people in the arts and creative industries. Applicants can seek funding to help them progress, develop their creative and professional practice and capacity, or to support them to take professional and creative risks.
- Unlimited (£60,000). Funding was to enable Scottish participation in UK-wide Unlimited programme within the next 2 years cycle of the programming cycle. The programmes supports disabled artists in the cultural sector.
- Arts Culture Health and Wellbeing Scotland (ACHWS) (£42,000). Funding was to support ACHWS, which is an active network providing information and support for anyone working across arts and culture, health and wellbeing in Scotland.

6. 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 2022/23, Screen Scotland activities funded from National Lottery totalled £9.5 million, and this was used to support the following areas:

Screen Scotland Strand	National Lottery spend in 2022/23 £'000	Details
Film Development & Production	4,000	This fund supports the development and production funding for feature length films and documentaries made by filmmakers based in Scotland.
Audience Development	1,105	The audience development fund provides funding for distribution and exhibition, and for film festivals. Film Festival Fund provided £528,000 to bring diverse film programmes to audiences across Scotland. A total of 12 festivals were supported.
Skills	1,362	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	1,464	Funding of £1.2 million was provided for the Short Circuits project for two years. 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 scripts will be developed through the programme each year.
Screen Education	948	The Screen 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.
Business and Market Development	455	Business and market development funds support screen organisations throughout the sector to develop their activities in Scotland.
EDI	119	EDI funds support screen organisations to increase diversity and run EDI programmes in Scotland.

7. 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 2022/23, the following projects were delivered from Creative Industries funds:

- 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. A total of £78,000 across 14 projects was awarded.
- Social Investment Scotland (£42,000). This award is to provide a programme of targeted interventions which will increase sustainability and economic recovery through trading.

- Crowdfunding programmes: Crowdfunder (£177,000) and Kickstarter (£50,000)- these projects offer expert coaching and Creative Scotland match funding, to support Scotland's creatives to run crowdfunding campaigns.

These are just some examples of the range of work supported by Creative Scotland in 2022/23 in our role as funder, advocate, influencer and development body on behalf of the arts, screen and creative industries in Scotland.

Operations

Funds

During the year, the Extend Programme Fund was launched. This is a new time-limited funding opportunity for arts and cultural organisations to get longer term support than is currently available through the Open Fund for Organisations. The Fund also covers the period when organisations may also be making an application to the new Multi-Year Funding Programme in 2023/24.

In addition, the following funds were digitised and re-launched with new on-line applications:

- Open Fund for Organisations
- Youth Music Initiative- Formula Funds and Access to Music Making
- Made in Scotland
- The Touring Fund

Senior Leadership Team

During the year, two new executive directors were appointed: Anne Langley as Executive Director of Operations (on 25 July 2022) and Dana MacLeod as Executive Director of Arts, Communities, and Inclusion (on 26 September 2022). An Interim Director of Arts, Paul Burns, was appointed in January 2023.

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.

Future Funding Framework

A significant part of Creative Scotland's work in 2023/24 will be delivering a Multi-Year Funding Programme which offers funding for creative and cultural organisations, supporting their core costs and programmes of work for the initial period of 1 April 2025 to 31 March 2028. It is intended for organisations which wish to enter into a sustained strategic funding relationship with Creative Scotland, including Screen Scotland. There will be a minimum annual level of award of £50,000.

The aim of the Programme is to replace the current Regularly Funded Organisations and will also replace other funding currently offered through Open Fund for Organisations and targeted funding. This means that from 1 April 2025, longer-term, year-on-year funding for organisations will be in the one programme.

The Programme will open for expressions of interest in July 2023, with a two-stage application process taking place. The first stage will assess how organisations will deliver public benefit through their work by addressing the fund criteria. The second stage will consider in further detail how organisations will deliver the commitments made in Stage 1 through a process that will be largely based on a review of their business plans.

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 2022/23 which set out the strategic objectives for the year, alongside priorities. The performance management framework sets out 26 indicators for measuring performance at Creative Scotland.

An Annual Review for 2022/23 will be published providing an overview of the activities during the year and performance against the 26 indicators. In the Performance Analysis presented here, relevant data has been collected to report on:

- Financial performance of Creative Scotland
- Performance of regularly funded organisations
- Administration and operational performance.

Financial performance

The financial statements for 2022/23 have been prepared under an Accounts Direction, on the last page of this document, 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 (FRoM).

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

Results for the year ending 31 March 2023 versus budget

	<u>Actual</u> <u>£'000</u>	<u>Budget</u> <u>£'000</u>	<u>Variance</u> <u>£'000</u>
Income			
National Lottery Proceeds	(32,104)	(31,500)	604
Other	(508)	(600)	(92)
Expenditure			
Grants awards and investments	31,890		
Project Expenditure	360		
Less de-committed awards	(882)		
Total net grants and project expenses	31,368	34,147	2,779
Staff costs	2,935	3,119	184
Other operating expenditure/income	1,406	1,496	90
(Surplus)/Deficit on the Fund	3,097	6,662	3,565

The Fund reported a deficit of £3.1 million, a £3.6 million variance on the intended budgeted deficit of £6.78 million. The main reasons for the variances are:

- Additional National Lottery proceeds of £0.6 million over budget, mostly due to returns on the NLDF investment balance arising from the increase in the Bank of England base rates.
- Underspend of £2.8 million in grants. Grant spend was reviewed and any carry forward was submitted for approval in the 2023/24 financial planning process.

Reserves

The Fund had total reserves of £21 million as at 31 March 2023 (2022: £24.1 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. A significant amount of these reserves have been used in the subsequent financial year.

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 2022/23	Outturn for 2021/22
Minimum of 90% of funding applications processed within published timeframe	% of applications processed within agreed timeframe	94%	90%
Minimum of 90% of initial payments to successful funding applicants made within published timeframe	% of initial award payments made within 10 working days of exchange of contracts	98.6%	83%

KPI performance in this area has improved from 2021/22, as the number of applications processed as returned to normal levels following the large number of COVID-19 response programmes in operation during 2021/22.

Environmental Sustainability

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. Creative Scotland's [Climate Emergency and Sustainability Plan](#) confirms an organisational target to achieve net-zero by 2030.

Culture and creativity have a vital role to play in helping address the climate emergency and contribute to a more environmentally sustainable Scotland. The arts, screen, and creative industries can play a key role in meeting Scotland's ambitious net zero target. Organisations and individuals funded by Creative Scotland can become agents of change in the fair and equitable transformation of Scotland to a thriving, net-zero, climate-ready nation.

Tackling the climate emergency can only be achieved through transformational, rather than incremental, change. Transformation requires the prioritisation of ‘mitigation,’ by reducing emissions and ‘adaptation,’ thinking about resilience, and responding to the impacts of climate risks on buildings, organisations, and practice. Creative Scotland recognises the powerful role that the arts, screen, and creative industries have in influencing society through their programming focus, drawing on the potential for arts and creativity to help everyone to envisage alternative futures. Environmental impacts are central to developing sustainable business models in the creative and cultural sectors.

During 2022/23, Creative Scotland took the following actions:

- Development of the Climate Emergency and Sustainability Plan which will be reviewed annually and reported on every April, beginning April 2024.
- Development of a Strategic Framework and the Environmental Sustainability Strategic Priority
- The appointment of a Climate Emergency and Sustainability Lead in January 2023
- Inclusion of the Environmental Sustainability Strategic Priority within our Open and Multi-Year funding criteria
- Inclusion of Climate Risk within our organisational risk register
- The continued meeting of the Public Bodies Climate Change Duties, including the completion of a Building Assessment Report (BAR) for applicable assets.
- The creation of internal and external guidance on the organisational position on the use of public funds for offsetting and insetting.
- The development of a programme of work for 2023/24 that includes the expansion of the greenhouse gas emissions boundary, collection of more detailed data associated with Scope 1, 2 and 3 greenhouse gas emissions and an updated travel policy.
- Working in conjunction with Creative Carbon Scotland to support arts, screen, and creative industries to develop and report on greenhouse gas emissions, mitigation, and adaptation action. This includes the mandatory reporting of Regular Funded Organisations (RFO) and self-motivated individuals and organisations not currently in receipt of RFO funding.

Monitoring of GHG emissions in tonnes of CO₂ for 2 key areas for our operations for 2021/22 and 2022/23 were undertaken, with key results shown in the table below:

	2022-23 GHG (tCO₂e)	2021-22 GHG (tCO₂e)	% change
Energy	14.3	10.5	+36%
Business Travel	77.6	10.3	+653%

Going forward, Creative Scotland intends to provide headlines on the following, which we will also be including with our Public Bodies Reporting Duties submission:

- Scope 1 – Mains Gas Consumption
- Scope 2 – Grid Electricity Use
- Scope 3 – Water, Home Working, Overnight Stays, Waste, Grid Electricity Transmission and Distribution Losses, Business Travel, Digital
- Scope x (influence) – data on the emissions from our regularly funded organisations

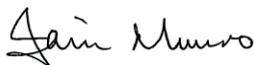
Social matters and EDI

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. The following activities took place in 2022/23 to help achieve this:

- The Create:Inclusion fund ran for the second round of funding since its launch. This is a key funding programme to increase the diversity of people in the arts and creative industries;
- 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
27 November 2023

Accountability Report

Corporate Governance Report

Director's Report

List of board members and senior leadership team:

Board Members

Malath Abbas
Muslim Alim
Ewan Angus
Yahya Barry
David Brew
Patrick Brown
Norah Campbell
Duncan Cockburn
Stephanie Fraser
Philip Long
Carol Main
Sarah Munro
Elizabeth Partyka
Heather Stewart
David Strachan
Louise Wilson
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
Paul Burns, Interim Director, Arts (from 18 January 2023)

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	9/9
David Brew	1 August 2015	2nd	31 July 2023	9/9
Ewan Angus	1 August 2018	1st	31 July 2022	2/2
Elizabeth Partyka	1 August 2018	2nd	31 July 2026	8/9
David Strachan	1 August 2018	2nd	31 July 2026	8/9
Duncan Cockburn	16 September 2019	1st	15 September 2023	7/9
Philip Long	16 September 2019	1st	15 September 2023	8/9
Stephanie Fraser	16 September 2019	1st	15 September 2023	8/9
Sarah Munro	16 September 2019	1st	15 September 2023	5/9
Malath Abbas	1 April 2021	1st	31 March 2025	9/9
Yahya Barry	1 April 2021	1st	31 March 2025	9/9
Duncan Hendry	1 April 2021	1st	31 March 2025*	2/4
Carol Main	1 April 2021	1st	31 March 2025	9/9

Duncan Hendry resigned from the Board with effect from 30 November 2022 due to ill health. Sadly, Duncan died later in 2023.

Five new board members were appointed with effect from 1 August 2023: Muslim Alim, Patrick Brown, Norah Campbell, Heather Stewart, and Louise Wilson.

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.

In 2021/22, two non-Board members were appointed to the subcommittees, one to the Audit and Risk (Brian Montgomery) and one to the Finance and General Purposes Committees (Patrick Brown). Both non-Board members are not remunerated for their role and are entitled to claim reasonable travel expenses for attending meetings. Patrick Brown was later appointed to the Creative Scotland board with effect from 1 August 2023.

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.

Brian Montgomery resigned from the Committee during the year.

The following members of the Board served on the Audit and Risk Committee during 2022/23:

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

During the year, the Committee reviewed:

- The 2021/22 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;
- The data protection annual report for 2021/22 and regular updates
- Delegated authority and budget control guidelines;
- Risk registers and the risk management policy. A risk workshop was also held with committee members and SLT members in attendance, and a new risk register process was developed and approved.

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.

The following members of the Board served on the Finance and General Purposes Committee during 2022/23:

Membership	Meetings attended
Elizabeth Partyka (Chair)	5/5
Ewan Angus	1/2
Stephanie Fraser	5/5
Malath Abass	5/5
Duncan Hendry (to 30/11/22)	2/4
Patrick Brown (non-board member)	5/5
David Strachan	1/1

During the year, the Committee reviewed:

- The 2022/23 budget, including allocations of grant-in-aid from the Scottish Government and National Lottery income projections;
- Management accounts showing outturn against budget for 2022/23;
- 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 was one meeting of the Committee held during the year, attended by: Robert Wilson, Malath Abbas, David Brew, Stephanie Fraser, and Carol Main.

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 2022/23:

Membership	Meetings attended
David Strachan (Chair)	5/5
Elizabeth Partyka	4/5
Ewan Angus	1/1
Malath Abbas	4/5

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 2022/23 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 2023, 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 2022/23 the Board met on nine occasions all of which were chaired by Robert Wilson. Minutes of these meetings are published on Creative Scotland's website.

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

- Approval of the approach for multi-year funding, and the funding strategy for delivering the programme of work in 2023/24
- Approval of funding awards over £500,000- there were three awards across Creative Scotland and the CS NLDF that fell into this category covering screen and the Youth Music Initiative Formula Fund;
- approval of the 2023/24 budget;
- approval of the 2021/22 accounts for both Creative Scotland Group and the Creative Scotland National Lottery Distribution Fund;
- Review of the risk register;
- Appraisal and evaluation of board members and activities.

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 21-23. 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 2023 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. The current internal auditors, Azets, took over as Internal Auditor for a three-year appointment from 1 April 2022. 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 Creative Scotland has a framework of governance, risk management and controls that provides reasonable assurance regarding the effective and efficient achievement of objectives.

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 2023 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 2023/24 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.

During the year, the risk management strategy was reviewed, and a risk management workshop was held, facilitated by the internal auditors. The workshop was attended by members of the Senior Leadership Team including the Chief Executive, the Audit and Risk Committee, the Chair and other board members. From this a revised corporate risk register was developed which sets out the key risks to be reviewed by the Board and the Audit and Risk Committee. Separate sub risk registers are maintained for Screen Scotland; the Arts, Communities, and Inclusion directorate; Strategy and Planning, Creative Industries, Multi-Year Funding and for Operations.

Sub risk registers are reviewed by the Senior Leadership Team and the Executive Director of Operations on a regular basis. The corporate risk 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.

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 2022/23 at a rate of £221.92 per day up to a maximum of £2,663 per year. Future pay increases are subject to the Scottish Government Public Sector Pay Policy and approval of the Chair.

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	2022/23			2021/22		
	Board Fee £'000	Benefits in kind (to nearest £100)	Total £'000	Board Fee £'000	Benefits in kind (to nearest £100)	Total £'000
Robert Wilson (Chair)	-	-	-	-	-	-
David Brew	0.5	-	0.5	0.5	-	0.5
Ewan Angus (to 31/07/22)	0.5	<1	0.5	0.5	<1	0.5
Elizabeth Partyka	0.5	<2	0.5	0.5	-	0.5
David Strachan	0.5	<4	0.5	0.5	-	0.5
Duncan Cockburn	0.5	<3	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	<1	0.5
Sarah Munro	0.5	-	0.5	0.5	<1	0.5
Malath Abbas	0.5	<1	0.5	0.5	-	0.5
Yahya Barry	0.5	-	0.5	0.5	-	0.5
Duncan Hendry (to 30/11/22)	0.5	-	0.5	0.5	-	0.5
Carol Main	0.5	-	0.5	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	2022/23				2021/22			
	Salary/ (Bonus) £'000	Benefits in kind (to nearest £100)	Pension Benefits £'000	Total	Salary/ (Bonus) £'000	Benefits in kind (to nearest £100)	Pension Benefits £'000	Total
Iain Munro ¹ Chief Executive	125-130 (0)	-	-35 to -40	85-90	125-130 (0)	-	50-55	180-185
Isabel Davis Executive Director, Screen	100-105 (0)	-	15-20	120-125	95-100 (0)	-	20-25	120-125
Anne Langley Executive Director, Operations ² (from 25/07/22)	65-70 (0)	-	15-20	80-85	-	-	-	-
Dana Macleod Executive Director, Arts, Communities and Inclusion ³ (from 26/09/22)	45-50 (0)	-	10-15	60-65	-	-	-	-
Kenneth Fowler Director, Communications	80-85 (0)	-	5-10	85-90	75-80 (0)	-	15-20	95-100
Karen Lannigan Director, HR & Office Services	85-90 (0)	-	40-45	125-130	80-85 (0)	-	25-30	110-115
Ian Stevenson Director, Finance	80-85 (0)	-	0-5	85-90	80-85 (0)	-	10-15	95-100
Clive Gillman Director, Creative Industries	80-85 (0)	-	10-15	90-95	75-80 (0)	-	30-35	110-115
David Smith Director, Screen	80-85 (0)	-	15-20	100-105	75-80 (0)	-	15-20	95-100
Alastair Evans Interim Director, Strategy	65-70 (0)	-	5-10	70-75	55-60 (0)	-	5-10	65-70
Paul Burns Interim Director, Arts ⁴ (from 18/01/23)	55-60 (0)	-	0-5	60-65	-	-	-	-

Figures shown are for the Senior Leadership Team in place during 2022-23 who were Creative Scotland employees.

1. Pension benefits are negative due to a negative real increase in pension arising from the impacts of inflation.
2. FTE Salary for 2022/23 is £95,000 - £100,000.
3. FTE Salary for 2022/23 is £95,000 - £100,000.
4. FTE Salary for 2022/23 is £65,000 - £70,000. Mr Burns was not a member of the Senior Leadership Team in 2021/22.

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 (2021/22- 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 2023 and 31 March 2022*:

Name	Accrued pension (lump sum) 31 March 2023 £'000	Accrued pension (lump sum) 31 March 2022 £'000	Real increase in pension (lump sum) £'000	CETV 31 March 2023 £'000	CETV 31 March 2022 £'000	Real increase / (decrease) in CETV £'000
Iain Munro	40-45 (125-130)	35-40 (115-120)	-2.5 to 0 ¹ (-5 to -2.5)	470	657	(21)
Isabel Davis	5-10 (15-20)	0-5 (10-15)	0-2.5 (2.5-5)	53	66	6
Anne Langley	0-5 (0-5)	-	0-2.5 (0-2.5)	6	-	4
Dana Macleod	0-5 (0-5)	-	0-2.5 (0-2.5)	5	-	3
Kenneth Fowler	10-15 (35-40)	10-15 (30-35)	0-2.5 (0-2.5)	137	178	2
Karen Lannigan	20-25 (5-10)	20-25 (5-10)	2.5-5 (0-2.5)	319	280	29
Ian Stevenson	10-15 (40-45)	10-15 (35-40)	0-2.5 (0-2.5)	153	207	0
Clive Gillman	5-10 (20-25)	5-10 (20-25)	0-2.5 (0-2.5)	131	136	7
David Smith	0-5 (10-15)	0-5 (5-10)	0-2.5 (2.5-5)	40	39	8
Alastair Evans	5-10 (20-25)	5-10 (20-25)	0-2.5 (0-2.5)	64	99	1
Paul Burns	0-5 (0-5)	0-5 (0-5)	0-2.5 (0-2.5)	13	12	1

1. The impact of high inflation in 2022/23 has caused the real increase in CETV from employer's contributions to be negative for Mr Munro.

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.

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 2022/23 or 2021/22.

Fair pay disclosures*

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.

	2022/23	2021/22
Banded remuneration of the highest paid director in Creative Scotland	£125,000 to £130,000	£125,000 to £130,000
% increase in remuneration of the highest paid director from 2021/22 to 2022/23	0%	
Median Remuneration of Creative Scotland staff	£39,169	£34,034
Ratio	3.26	3.75
The average percentage change in remuneration from the previous financial year in respect of the employees of the entity taken as a whole	11.3%	
25% percentile of Creative Scotland staff remuneration	£30,750	£29,285
Ratio	4.15	4.35
75% percentile of Creative Scotland staff remuneration	£46,195	£41,934

	2022/23	2021/22
Ratio	2.76	3.04
Range of staff remuneration below highest paid director (bands of £5,000)	£20,000 to £130,000	£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 and benefits-in-kind. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

The median pay ratio for the 2022-23 is consistent with the pay, reward, and progression policies. The median pay has increased from prior years following the pay awards implemented as of 1 April 2022. The ratios between the remuneration of the highest paid director in the organisation and the median and 75th and 25th percentiles of remuneration of the organisation's workforce have fallen due to the pay award under the Public Sector Pay Policy for Senior Management being lower than the pay award awarded to the rest of the workforce.

Staff costs and numbers*

	2022/23	2022/23	2022/23	2022/23	2021/22
	Employees	Agency staff	Inward	Total	Total
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Staff Costs	5,262	-	-	5,262	4,918
NI	570	-	-	570	481
Pension costs	1,327	-	-	1,327	1,268
Agency fees	-	306	-	306	262
Invoiced	-	-	36	36	109
Total	7,159	306	36	7,501	7,038
Average FTE by directorate					
Executive Office	6.3	-	-	6.3	5.4
Finance and Funding	17.8	1.3	-	19.1	18.9
Communications	14.2	-	-	14.2	14.5
HR & Office Services	6.5	0.3	-	6.8	9.4
Arts & Engagement	32.5	-	-	32.5	33.4
Screen Scotland	21.2	0.8	-	22.0	20.3
Creative Industries	6.9	-	-	6.9	6.9
Strategy	14.9	-	0.7	15.6	13.4
Digital Transformation	6.2	1.5	-	7.7	7.9
Total	126.5	3.9	0.7	131.1	130.1

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 2023.

	Males	Females
Senior Leadership Team	7	4
Creative Scotland Board	7	4
All other employees	37	88

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 2023, an average of 4.3 working days (2022: 2.5 days) was lost per staff member working in the year.

Equalities and diversity

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

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

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

Trade Union Relations

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

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

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
4	4

Percentage of time spent on facility time

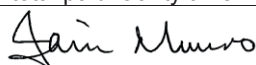
% of time	Number of employees
0%	-
1-50%	4
51-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time (£)	5,151
Total pay bill (£)	7,159,000
% of pay bill spent on facility time	0.07%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	100%
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Iain Munro
Chief Executive and Accountable Officer
27 November 2023

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 the Creative Scotland National Lottery Distribution Fund for the year ended 31 March 2023 under the National Lottery etc Act 1993. The financial statements comprise the Statement of Comprehensive Net Expenditure, 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 2022/23 Government Financial Reporting Manual (the 2022/23 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of the body's affairs as at 31 March 2023 and of its net income for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2022/23 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 2021 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 2 December 2022. My period of appointment is five years, covering 2022/23 to 2026/27. 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:

- using my understanding of the central government sector to identify that the National Lottery etc Act 1993 and directions made thereunder by the Scottish Ministers are significant in the context of the body;
- inquiring of the Accountable Officer and Director of Finance as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body;
- inquiring of the Accountable Officer and Director of Finance concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on 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 parts 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 parts of the Remuneration and Staff Report have 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 parts 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 the 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 parts 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 108 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.

Esther Scoburgh CPFA
Audit Scotland
102 West Port
Edinburgh
EH3 9DN

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2023

	Notes	2022/23	2021/22
		£'000s	£'000s
Income			
Share of National Lottery proceeds	3	31,472	32,178
Interest received from NLDF investments	3	632	45
Other income	4	508	486
		<u>32,612</u>	<u>32,709</u>
Expenditure			
Grants	5	31,890	26,351
Less: de-commitment of prior year grants		(882)	(752)
Project expenditure		360	361
Staff costs	6	2,935	2,209
Other operating expenditure	7	1,406	1,139
		<u>35,709</u>	<u>29,308</u>
Deficit on the Fund		<u><u>(3,097)</u></u>	<u><u>3,401</u></u>

All the results of the Fund relate to continuing activities.

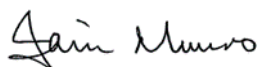
The notes on pages 42 to 51 form part of these annual report and financial statements.

Statement of Financial Position

As at 31 March 2023

	Notes	31 March 2023	31 March 2022
		£'000s	£'000s
Current assets			
Trade and other receivables	8	94	81
Investments in the NLDF	9	41,070	41,366
Cash and cash equivalents	10	2,127	2,186
Total current assets		43,291	43,633
Current liabilities			
Trade and other payables	11	(3,103)	(1,347)
Grants outstanding	13	(18,205)	(17,309)
Total current liabilities		(21,308)	(18,656)
Net current assets/(liabilities)		21,983	24,977
Non-current liabilities			
Grants outstanding	13	(950)	(847)
Provisions	12	(70)	(70)
Total non-current liabilities		(1,020)	(917)
Net assets		20,963	24,060
Reserves		20,963	24,060

The Accountable Officer authorised these financial statements for issue on 27 November 2023.



Iain Munro
Chief Executive of Creative Scotland and Accountable Officer

The notes on pages 42 to 51 form part of these annual report and financial statements.

Statement of Cash Flows

For the year ended 31 March 2023

	2022/23	2021/22
	£'000s	£'000s
Cash flows from operating activities		
Surplus on ordinary activities	(3,097)	3,401
<i>Movements in working capital</i>		
Decrease/(Increase) in trade receivables	(13)	29
(Decrease)/Increase in trade payables	2,755	(1,294)
(Decrease)/Increase in provisions	-	-
Decrease/(Increase) in NLDF investments	296	(3,747)
Net cash flow from operating activities	3,038	(5,012)
Net increase / (decrease) in cash and cash equivalents	(59)	(1,611)
Net cash and cash equivalents as at 1 April	2,186	3,797
Net cash and cash equivalents as at 31 March	2,127	2,186

Analysis of changes in net funds

	Net cash and cash equivalents
1 April 2022	2,186
Cash flows	(59)
31 March 2023	2,127

Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2023

	2022/23	2021/22
	£'000s	£'000s
Opening general reserve at 1 April	24,060	20,659
Transferred from SOCNI	(3,097)	3,401
Closing general reserve at 31 March	20,963	24,060

The notes on pages 42 to 51 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 2022/23 Government Financial Reporting Manual (FRM) issued by HM Treasury. The accounting policies contained in the FRM 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 2022/23 by the National Lottery Commission.
- Completion of the audit of the National Lottery Distribution Fund accounts for 2022/23 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 Net Expenditure 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 40% for salaries and 40% for other operating costs (2021/22: 32.5% 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.

3 National Lottery proceeds

	2022/23	2021/22
	£'000s	£'000s
Share of income from NLDF	31,472	32,178
Investment income on NLDF Investments	632	45
Total National Lottery proceeds	32,104	32,223

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

4 Other income

	2022/23	2021/22
	£'000s	£'000s
British Film Institute	200	200
Project Income	-	188
Miscellaneous Income	2	2
Award repayments	306	96
Total other income	508	486

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

	2022/23	2021/22
	£'000s	£'000s
Regular Funding	-	3,100
Open Funds		
Open Project Fund	15,041	9,660
Touring Fund	1,978	2,406
Targeted- Arts and Engagement		
Book Week Scotland	200	200
Gavin Wallace Fellowship	25	25
International Development and Markets	257	253
Sector Development	1,367	965
Time to Shine	39	-
Creative Learning Plan	178	160
Targeted- Screen Scotland		
Film Development & Production	4,003	3,575
Screen Education	948	448
Film Festival Fund	528	563
Talent Development	1,464	1,121
Skills	1,362	766
Audience Development	577	628
Business and Market Development	455	176
Screen - EDI	119	8
Targeted- Creative Industries		
Creative Industries	793	233
Creative Digital	-	982
Sector Development	207	63
Targeted- Strategy		
Awards for All	357	-
EDI	845	224
Place, Partnerships and Communities	205	282
Gaelic	69	52
Traditional Arts	116	19
Business Support – Data & Analytics	250	250
Culture Collective	242	79
Targeted- Other		
Environment	250	-
Workforce and Leadership Development	15	23
Culture Counts	-	90
Total grant commitments	<u>31,890</u>	<u>26,351</u>

6 Staff costs

	2022/23	2021/22
	£'000s	£'000s
Staff costs during the year		
Wages and salaries	2,247	1,723
Social security costs	228	156
Pension costs	455	341
Movement in holiday pay accrual	5	(11)
Total staff costs	<u>2,935</u>	<u>2,209</u>

All employment contracts are with Creative Scotland, and relevant amounts are recharged to the Fund based on a recharge methodology. The recharge for the year was 40.0% (2021/22: 32.5%).

7 Other operating expenditure

	Direct	Recharge	Total	Total
	2022/23	2022/23	2022/23	2021/22
	£'000s	£'000	£'000s	£'000s
HR	-	69	69	56
Estates	-	250	250	205
ICT	-	394	394	436
Operations	-	17	17	18
Office services	-	27	27	25
Audit fees	33	-	33	25
Central services	-	178	178	74
Legal & professional	224	-	224	118
Communications	-	61	61	135
External Assessors	119	-	119	47
Awards for All overheads	34	-	34	-
Total other operating expenditure	<u>410</u>	<u>996</u>	<u>1,406</u>	<u>1,139</u>

8 Trade receivables and other current assets

	31 March 2023	31 March 2022
	£'000s	£'000s
Trade receivables	7	-
Prepayments	37	29
Sundry	50	52
Total trade receivables and other current assets	<u>94</u>	<u>81</u>

9 Investment balance in the NLDF

	31 March 2023	31 March 2022
	£'000s	£'000s
Balance at 1 April	<u>41,366</u>	<u>37,619</u>
Lottery proceeds	31,472	32,178
Investment income	632	45
Funds drawn down	<u>(32,400)</u>	<u>(28,476)</u>
Total investment balance in the NLDF	<u>41,070</u>	<u>41,366</u>

The closing market value as at 31 March 2023 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 2023	31 March 2022
	£'000s	£'000s
Balance at 1 April	2,186	3,797
Net change in cash and cash equivalent balances	<u>(59)</u>	<u>(1,611)</u>
Balance at 31 March	<u>2,127</u>	<u>2,186</u>
The following balances at 31 March were held at		
Government Banking Service	2,048	2,158
Commercial banks	79	28
Cash in hand	-	-
Total cash and cash equivalents	<u>2,127</u>	<u>2,186</u>

11 Trade payables and other current liabilities

	31 March 2023	31 March 2022
	£'000s	£'000s
Trade payables	492	35
Accruals	426	115
Due to Creative Scotland	1,726	1,005
Other	459	192
Total trade payables and other current liabilities	3,103	1,347

12 Provisions

	Dilapidations 2023 £'000s	Total 2023 £'000s	Total 2022 £'000s
Balance at 1 April	70	70	70
Arising in the year	-	-	-
Utilised in the year	-	-	-
Total provisions	70	70	70

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

	2022/23 £'000s	2021/22 £'000s
Balance at 1 April	18,156	19,320
De-commitment of prior year awards	(896)	(622)
Committed in year	31,533	23,251
Paid in year	(29,638)	(23,793)
Total grants outstanding	19,155	18,156

	2022/23 £'000s	2021/22 £'000s
Balance due within one year	18,205	17,309
Balance due between one year and five years	950	847
Balance due over five years	-	-
Total grants outstanding	19,155	18,156

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 2022, the balance held at the NLDF was £41.4 million. This has decreased to £41.1 million by 31 March 2023, at which point there were £19.1 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 1.5%. The rate is driven by the Bank of England base rate.

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 Creative Scotland Group Accounts for the year ended 31 March 2023. During the year, Creative Scotland invoiced the Lottery Distribution Fund for £3.9 million in respect of recharges for the year for staff, overhead and related costs. The Scottish Government's Culture, Tourism and Major Events Directorate is regarded as a related party. During the year, Creative Scotland had various material transactions with the Scottish Government Culture, Tourism and Major Events Directorate.

The following related party transactions were incurred during 2022/23 in relation to board members of Creative Scotland.

Board member	Related party	Awards made 2022/23
Malath Abbas	Biome Collective (Director)	£24,500 Targeted Award
Duncan Cockburn	Sound Festival (Director)	£98,000 Open Fund for Organisations
Duncan Cockburn	North East College (Member of the Regional Board)	£6,100 Screen Education Partnership Fund
Yahya Barry	Glasgow Film Theatre (Trustee)	Film Hub Scotland £225,000 Screen Education £62,600 Audience Development £10,000

Accounts Direction



CREATIVE SCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS

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

Signed by the authority of the Scottish Ministers

Dated

25 Jan. 2012

SCHEDULE 1

Additional Accounting and Disclosure Requirements

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

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

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

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

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

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

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

Grants totalling £31.9 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	116,963
	Ramesh Meyyappan	107,000
	Fleur Darkin	106,100
	Claire Cunningham	105,698
	Art Night	100,000
	Artlink Edinburgh and the Lothians	100,000
	Buzzcut Festival CIC	100,000
	Take Me Somewhere Festival Ltd	100,000
	Take Me Somewhere Festival Ltd	100,000
	Talbot Rice Gallery	100,000
	Talbot Rice Gallery	100,000
	The Glasgow Barons	100,000
	Touring Fund	Raw Material Arts Ltd
Sleeping Warrior Theatre Company Ltd		160,776
MHZ Scenography Ltd		154,451
Independent Arts Projects Ltd		140,277
Shotput Ltd		138,277
Superfan Performance Ltd		128,700
Independent Arts Projects Ltd		101,961
Targeted – Arts and Engagement	Scottish Book Trust	200,000
	British Council	150,000
	Showcase Scotland Expo Ltd	150,000
	Architecture and Design Scotland	149,000
	Education Scotland	100,000
Targeted – Screen Scotland	Film City Futures	622,088
	Film City Futures	600,000
	Barry Crerar	500,000
	Makar Productions Ltd (Let Us Prey)	500,000
	Ossian Pictures Ltd	500,000
	Sixteen Films	500,000
	Screen NETS	406,865
	TRC	250,000
	NFTS Scotland	248,000
	Glasgow Film / Film Hub Scotland	225,000
	GMAC Film	200,000
	GMAC Film	158,562
	Station House Media Unit (shmu)	125,196
	Tigerlily Two Ltd	120,000
	Sonja Henrici Creates Ltd	120,000
	TRC	120,000
	Film Access Scotland	114,750
	755 Deep Ltd	100,000
Axis Productions Ltd	100,000	
Targeted – Creative Industries	Crowdfunder UK	177,600
Targeted – Other	Creative Carbon Scotland	250,000
Targeted – Strategy	The National Lottery Community Fund – Awards For All	357,390
	The Audience Agency	250,000
	Kathryn Welch	192,415

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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