

ALBA | CHRUTHACHAIL

Creative Scotland

Group Annual Report and Accounts

For the year ended 31 March 2021

SG/2021/341

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Performance Report

Joint Report by the Chair and the Chief Executive

The year from April 2020 to March 2021 has been like no other for Creative Scotland, for the people and organisations that we support and for society in Scotland as a whole. The onset of the COVID-19 pandemic has had an unprecedented impact on everyone in all parts of society - economically, culturally, and in terms of health and wellbeing. Practically overnight, the pandemic led to necessary restrictions in the interests of public health, resulting in the suspension of live cultural programmes and significant negative impact on people and organisations working in Scotland's art and creative sectors. The dramatic contraction of our cultural environment saw a consequential collapse in audiences and participation.

Artists faced the cancellation of work and were forced to seek alternative employment or sources of income. Creative organisations were unable to generate ticketed and other earned income, employ freelancers and, because of the precarious nature of finances in the sector, faced an immediate fight against insolvency.

Throughout this period, people and organisations in the sector swiftly adapted their work to remote or digital environments to connect with and reach audiences who were seeking solace and stimulation through art and creative activities at home in the face of lockdowns and necessary restrictions on daily life..

The sector in Scotland also responded to the public health emergency in other ways, such as becoming centres for emergency food provision to those in need, opening their doors to become testing or vaccination centres, and reaching out in new ways to their local communities with both creative and well-being initiatives. The creative community, once again, demonstrated its central role at the heart of our society.

The absolute priority for Creative Scotland since March 2020 has been to deliver emergency support to help address the impacts of the COVID-19 pandemic on people and organisations working in the creative sector. During 2020/21, we have made 11,835 emergency funding awards totalling £68 million in value. This is alongside 1,582 funding awards made through our existing funding programmes totalling £93 million in value. A detailed breakdown of our funding is shown on page 8.

Thanks to substantial additional funding from the Scottish Government, this is far in excess of the normal level of support that we deliver each year (typically around 1,300 funding awards) and the staff of Creative Scotland have worked tirelessly and with enormous dedication to deliver this emergency funding efficiently and effectively, and at considerable pace, in the most challenging of circumstances.

Throughout the pandemic, we provided regular monthly updates to the Culture, Tourism, Europe and External Affairs Committee at the Scottish Parliament, setting out in detail the extent of our support for the creative sector during the pandemic, and also published these widely so that everyone could keep up to date.

Alongside our emergency response to COVID-19 has been the continued provision of Regular Funding to 121 of Scotland's key creative and cultural organisations; the availability of Open Funding for Individuals and Organisations; and broad support for different aspects of creative and cultural provision through Targeted Funding, including amongst a host of other funds, support for Youth Arts and the Youth Music Initiative. A stable budget settlement of £56.9 million in grant-in-aid from the Scottish Government in February 2021 enabled us to confirm the further year of Regular Funding, alongside the continuation of the support we provide through Open and Targeted Funding (helped with £29.5 million from the National Lottery).

Our Annual Plan for 2021-22 sets out our priorities and budgets against a refreshed strategic framework. In it, we say: “In 2021/22, our focus will be on supporting both recovery and future renewal across the creative sector. This includes continuing to adapt our programmes of support, demonstrating understanding and offering flexibility as many incrementally rebuild their programmes, operations, and audiences. This sustained support and understanding will sit alongside our continued drive to grow participation in arts and creativity and to help build a more diverse, equitable, and sustainable sector for the future.”

Our priority areas of work for the year include:

- A commitment to transition to a new long-term and sustainable funding model for organisations (to be announced by April 2022 and implemented from April 2023) replacing the existing Regular Funding programme (more on this below).
- Continued support for individuals and organisations through a refreshed and improved Open Fund (first phase launched in August 2021), as well as through Targeted Funding.
- The development and launch of a new approach to advocating on behalf of creativity and culture in Scotland, and increasing participation in art and creative activity, in partnership with people and organisations from the sector (Our Creative Voice, launched on 8 September 2021).
- The development of a new Climate Emergency and Sustainability Plan, work on which is underway, reflecting the scale of the challenge we all face and the role that both Creative Scotland, the sectors we work with, and art and creativity more broadly, can play in helping to address that challenge.
- A commitment to Fair Work, promoting fair pay, conditions, and employment opportunities across the creative and culture sectors, with our Fair Work Review launched on 08 September.
- Work to develop our next Gaelic Language Plan for 2022-27, incorporating a comprehensive review of how we support and promote Gaelic language and culture through our advocacy, our operations, and our funding.
- Building on our existing support for international collaboration and artistic exchange, including promoting Scotland’s cultural strength at home and internationally through initiatives such as Our Creative Voice and as a Partner in Scotland is Now/Brand Scotland campaigns.
- Continuing to grow our commitment to Equalities, Diversity, and Inclusion by supporting a diverse range of creative people, communities, and activity, promoting an equality of opportunity to create, participate and engage.
- Continued roll out of our improved experience for applicants through digital channels, including an on-line application process to improve access to our support.

The pandemic is ongoing, the challenges still great, and considerable uncertainty continues, and yet the value of culture and creativity to our lives has never been more important. Key to successful delivery of all the above is the security of long-term and sustainable funding support from the Scottish Government and, as such, we were pleased to see in the recently published Programme for Government, a commitment to ‘Strengthening our world class culture offer’ and, also the commitment to multi-year budget planning. Following on from a prolonged period of year-on-year budgeting, this commitment to longer-term funding, building on the extensive emergency support provided by the Scottish Government during the pandemic, will bring some very welcome stability to aid sector recovery and move towards a period of renewal with more confidence.

Structure, Governance and Management

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

Funding is received from both the Scottish Government and the National Lottery. A separate National Lottery Distribution Fund Annual Report and Accounts is produced for the activities undertaken as a Lottery Distributor under the National Lottery etc. Act 1993. A summary of the consolidated financial position of Creative Scotland is included at page 8.

Strategic priorities

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

The five ambitions for the arts, screen and creative industries over the ten year period are:

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

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

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

Going concern

At 31 March 2021, Creative Scotland had net assets of £1.4 million (2020: £1.5 million). As Creative Scotland continues to receive grant-in-aid funding from the Scottish Government, the Accountable Officer believes it is appropriate to continue to prepare the accounts on a going concern basis as set out in the accounting policies (1.3).

Risk management

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

The five main risks identified for Creative Scotland are:

Risk identified	Mitigation of risk
<p><u>Funding</u> Available funding from grant-in-aid, the National Lottery and other sources reduces. This results in less funding for the arts, screen and creative industries which adversely impacts delivery of the 10 Year Plan.</p>	<p>Funding is discussed in regular meetings with the Scottish Government and the Chair has met with the Cabinet Secretary.</p> <p>Governance arrangements are in place for budget management and financial reporting to ensure the board and management have access to up to date modelling and scenario planning.</p> <p>Promotional campaigning on the importance of funding culture in Scotland</p>
<p><u>COVID-19- Government restrictions</u></p> <p>Government restrictions due to COVID-19 have resulted in cancellation of almost all activity across the cultural sector which could lead to:</p> <ol style="list-style-type: none"> 1. reduced capability for production due to new workplace practices 2. ongoing closure/limited audience capacity 3. travel restrictions <p>All these factors could have an impact on Creative Scotland's strategic priorities.</p>	<p>Creative Scotland has been involved in sector engagement and impact assessment activity to determine the key issues arising for the sector.</p> <p>Funding programmes have been developed to address the issues raised and to mitigate the impact of COVID-19 on the arts, screen and creative industries.</p>
<p><u>COVID-19- sector sustainability</u></p> <p>The pandemic could have a critical impact on cultural business failure which may reduce the ability for Creative Scotland to deliver its objectives.</p> <p>Creative Scotland may provide funding to organisations that subsequently fail.</p>	<p>Creative Scotland has been involved in sector engagement and impact assessment activity to determine the key issues arising for the sector.</p> <p>Close monitoring of cultural businesses through lead office relationships and sector relationships. This includes working with other public bodies on COVID-19 emergency funding programmes.</p> <p>Funding programmes have been developed to address the issues raised and to mitigate the impact of COVID-</p>

Risk identified	Mitigation of risk
	19 on the arts, screen and creative industries. This has included the delivery of additional funding for specific sector programmes.
<p><u>Operational Infrastructure</u> Operational infrastructure, (offices, IT systems, video and telephone communications) is inadequate resulting in less effective delivery and best value not being achieved.</p>	<p>Developing agile processes that are effective in remote-working scenarios.</p> <p>Ensuring IT systems continue to operate effectively during the period of homeworking</p>
<p><u>Cyber security</u></p> <p>The current environment could lead to a number of cyber security issues for Creative Scotland with high risk:</p> <ol style="list-style-type: none"> 1. A successful cyber-attack cannot be prevented 2. Cyber-attack damage is not minimised 3. The organisation cannot recover adequately from a cyber attack 	<p>Compliance with SG-required Cyber Essentials Plus standard</p> <p>System controls enhanced to prevent a cyber-attack creating widespread damage</p> <p>Back-up processes enhanced and recently tested</p> <p>Business Continuity Plan provides guidelines on operational response.</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 2021. 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

	2020/21				2019/20			
	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	-	(32,304)	-	(32,304)	-	(31,767)	-	(31,767)
Project income from third parties	(1,259)	(1,200)	-	(2,459)	(2,113)	(261)	-	(2,374)
Other income	(2,197)	(351)	1,881	(667)	(3,306)	(254)	2,948	(612)
Sales revenue	(508)	-	-	(508)	-	-	-	-
Total income	(3,964)	(33,855)	1,881	(35,938)	(5,419)	(32,282)	2,948	(34,753)
Expenditure								
Net grants issued ⁴	138,081	18,679	-	156,760	55,309	21,912	-	77,221
Project expenses	293	182	-	475	711	356	-	1,067
Salaries	6,888	1,216	(1,206)	6,898	6,811	2,308	(2,305)	6,814
Depreciation	187	-	-	187	219	-	-	219
Other operating costs	4,233	735	(675)	4,293	2,717	814	(643)	2,888
Pension adjustments	21	-	-	21	42	-	-	42
Total expenditure	149,703	20,812	(1,881)	168,634	65,809	25,390	(2,948)	88,251
Net expenditure/(surplus)	145,739	(13,043)	-	132,696	60,390	(6,892)	-	53,498

Consolidated changes in Taxpayer's Equity

	CS £'000	CS NLDF £'000	Intra £'000	Total £'000
Opening Reserves 1st April 2019	4,610	(724)	-	3,886
Changes in taxpayers' equity 2019/20				
Net expenditure/surplus transferred	60,390	(6,892)	-	53,498
Grant-in-aid received from the Scottish Government ⁵	(65,330)	-	-	(65,330)
Actuarial gain on the Strathclyde Pension Fund	(973)	-	-	(973)
Movement in Capital Grant	30	-	-	30
Reserves as at 31 March 2020	(1,273)	(7,616)	-	(8,889)
Changes in taxpayers' equity 2020/21				
Net expenditure/surplus transferred	145,739	(13,043)	-	132,696
Grant-in-aid received from the Scottish Government ⁵	(145,371)	-	-	(145,371)
Actuarial gain on the Strathclyde Pension Fund	(271)	-	-	(271)
Movement in Capital Grant	29	-	-	29
Closing Reserves as at 31 March 2021	(1,147)	(20,659)	-	(21,806)

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

Overall, the consolidated general fund has a balance of £21.8 million, of which £20.7 million relating to the CS NLDF is available for the Board to allocate to future expenditure. The reserves of Creative Scotland are not available for distribution under HM Treasury's budgeting rules for public bodies. Pension assets and liabilities held within Creative Scotland accounts are not attributable to the CS NLDF. This is because the Scottish Government provides budget cover for any pension liabilities that require provisions and for costs incurred under IAS 19, *Retirement Benefits*.

Review of funding

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

1. Regular Funding- funding for the regularly funded organisations (RFOs)
2. Open Funding- the Open Project Funds 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.

In addition, for 2020/21, a large number of COVID emergency funds were in place to support the arts, screen and creative industries during the pandemic.

Funding includes 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:

	2020/21			2019/20		
	CS £'000	CS NLDF £'000	TOTAL £'000	CS £'000	CS NLDF £'000	TOTAL £'000
Grants						
Regular Funding	33,205	-	33,205	34,050	-	34,050
Open Project Funding	4,021	8,616	12,637	631	8,170	8,801
Touring Fund	-	603	603	-	3,026	3,026
Targeted Funding	36,066	11,392	47,458	20,890	11,420	32,310
COVID Emergency Funding	66,224	1,731	67,955	-	-	-
Total grants distributed	139,516	22,342	161,858	55,571	22,616	78,187
Project expenses	293	182	475	711	356	1,067
Total funding	139,809	22,524	162,333	56,282	22,972	79,254

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 54) 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 the ambitions, priorities and connecting themes highlighted in the 10-year plan will be addressed.

2020/21 was the third year of regular funding for the three-year period from April 2018 to March 2021 for a total of £101.6 million to 121 organisations across 10 artforms. During 2020/21, £33.2 million was allocated from grant-in-aid to the portfolio.

Artform	Number of organisations	Total award (£)
Craft	4	2,235,584
Creative Industries	4	1,666,031
Dance	9	4,720,049
Digital	1	271,000
Literature	8	6,968,260
Multi-Art	21	30,437,010
Music	19	11,425,000
Screen	4	6,068,812
Theatre	28	25,447,761
Visual Arts	23	12,384,000
Total	121	101,623,507

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

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

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

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

A fourth year of regular funding was approved for the financial year 2021/22 with organisations receiving an average of the total award received for 2018 to 2021. It was also announced that, subject to budget availability, contracts would be extended for a further year from 1 April 2022, as the outcomes from a funding review into future funding programmes are carried out.

Open Project Funding

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

In March 2020, the open project fund was suspended for new applications due to the impact of the COVID-19 health emergency, and the need to review and repurpose funding to suit the changed environment and ways of working. Applications that had already been submitted but not awarded were subject to further review for COVID-19 implications before a final funding decision was determined.

A budget of £8.5 million was provided from National Lottery funds, with an additional £4 million provided by the Scottish Government from the COVID-19 emergency funds.

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

Category	Applications received	Awards made	Value (£'000)	Success rate
Individuals	877	435	5,976	50%
Organisations	417	224	6,662	54%

In total, £12.6 million of funding was awarded to 659 successful applications during 2020/21 with the assigned budget being fully expended. Of this, £4 million was funded from grant-in-aid and £8.6 million was funded from National Lottery. A breakdown by artform is shown below:

Successful applications over the 11 artforms:

Art Form	Applications received	Funding requested (£'000)	Successful	Awarded (£'000)
Crafts	77	992	43	583
Creative Industries	6	159	2	26
Dance	71	1,476	43	856
Design	18	402	6	203
Digital	56	1,000	25	378
Film	1	14	1	14
Literature/Publishing	149	2,105	69	1,094
Multi	73	2,098	35	1,234
Music	350	5,716	188	3,313
Theatre	226	4,386	123	2,499
Visual Arts	267	4,906	124	2,438
Grand Total	1294	23,254	659	12,638

Targeted Funding

The main targeted programmes that were supported from grant-in-aid during 2020/21 are listed below:

1. Youth Music Initiative (YMI) and Youth Arts

The YMI programme continued to create access to high quality music making opportunities for young people, offering them the chance to achieve their potential through music making, and supporting the development of the youth music sector. In 2020/21, Creative Scotland delivered the

YMI programme alongside additional funding of £3.8 million for Youth Arts, which was allocated from the COVID-19 emergency funding.

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

YMI Strand	Funding provided £'000	Details
Formula Fund (2019/20 and 2020/21 academic years)	6,828	Funding to the 32 local authorities and Jordanhill School for delivering the Scottish Government commitment – “every school pupil in Scotland should be offered a year of free music tuition by the time they leave primary school”
Access to Music Making	1,215	To create access to high-quality music-making opportunities for children and young people aged 0-25 years
Strengthening Youth Music	85	To support individuals, organisations and networks to undertake strategic action or training that will strengthen the youth music sector in Scotland for the benefit of young people
Continuing Professional Development and Training Fund	57	To support individuals, organisations and networks who work out with school settings in undertaking training and continuing professional development that will strengthen youth music in Scotland for the benefit of young people. The fund is devolved to the Scottish Music Centre.
Nurturing Talent Fund	150	To provide targeted funding opportunities direct to young, emerging artists from under-represented groups and areas across the country
Youth Arts Targeted scheme	1,053	A targeted fund to offer strategic youth music and wider youth arts organisations targeted funding to support infrastructure and project delivery
Youth Arts Access fund	2,014	An open fund offering grants of between £5k and £30k to individuals and organisations who run youth arts programmes
Small Grants scheme	690	A devolved scheme to provide funding of between £10,000 and £50,000 to artist led projects in early learning, schools, and other family support and community settings. Successful applicants will distribute grants of between £500–£5,000 directly to freelance artists/creative practitioners (locally, regionally or nationally), across all artforms, to deliver artist led youth arts activities.
Overheads and other expenses	196	Contribution to Creative Scotland’s overheads (£200,000) and other project expenses for evaluation, advocacy and learning.
Other	54	Other targeted spend for Youth Arts emergency programmes.

2. Platforms for Creative Excellence Programme (PLACE)

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

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

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

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

Festival	Funding over three years (£)
Edinburgh International Festival	1,200,000
Edinburgh Art Festival	645,000
Edinburgh Jazz and Blues Festival	635,489
Edinburgh International Book Festival	585,000
Edinburgh International Children's Festival	534,602
Edinburgh International Science Festival	532,000
Edinburgh Festival Fringe Society	500,000
Edinburgh's Hogmanay	400,000
Edinburgh International Film Festival	373,647
Scottish International Storytelling Festival	300,000
Edinburgh Festivals	197,000

2020/21 was the third year of the programme, and as a result was severely impacted by COVID-19. Funding was repurposed to allow the festivals to continue in a digital format, or to take account of cancellations due to the lockdown restrictions.

Year 4 funding for PLACE was agreed with the Scottish Government and City of Edinburgh Council and festivals have submitted new plans for the funding for the 2021/22 financial year.

3. Expo Fund

Creative Scotland distributes £2 million of Scottish Government funding through grant-in-aid in support of Scotland's international festivals. The funding promotes the development of Scottish artists and creative expression across the country and will contribute to raising the profile of Scotland's world-class festivals. Funding was provided to the following festivals and programmes in 2020/21:

Organisation/Programme	Funding for 2020/21 (£'000)	Details
Festivals Edinburgh	197	Funding to promote and position Edinburgh as the world's leading festival city.
The Expo Festivals	1,587	Funding for Scotland's international festivals.
Made in Scotland	215	A partnership between Creative Scotland and the Edinburgh Festival Fringe Society, Federation of Scottish Theatre, and the Scottish Music Centre. It provides a showcase of world-class Scottish theatre, dance and music at the

		world's biggest arts Festival, the Edinburgh Fringe.
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The Expo Fund was also impacted by COVID-19, and as was the case with the PLACE programme, funding for the Expo Fund continued for 2020-21, even though the festivals themselves were either cancelled or run on a digital basis due to the pandemic.

The Made in Scotland Showcase was also cancelled due to Covid. The selected artists were guaranteed selection for the hybrid Showcase planned for 2021. The Edinburgh Festival Fringe Society was permitted to repurpose the remainder of its Made in Scotland funding as a contribution towards offsetting its loss of earned income.

4. Screen Scotland

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

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

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

In 2020/21, Creative Scotland received £8.5 million in grant-in-aid for Screen Scotland activities, and this was used to support the following areas, with the main funds being as follows:

Screen Strand	Scotland	Grant-in-aid spend in £'000 2020/21	Details
Broadcast Fund	Content	2,263	The Broadcast Content Fund promotes the sustainable growth of Scotland's broadcast production sector, encouraging the development of new projects, the scaling up of already successful activities and the production of commissioned programmes.
Production Fund	Growth	3,410	The Production Growth Fund aims to help grow Scotland's screen production sector, creating employment opportunities for Scottish crews, encouraging the use of production facilities,

Screen Strand	Scotland	Grant-in-aid spend in 2020/21 in £'000	Details
			<p>providing significant opportunities for the professional development of producers based in Scotland, and delivering a direct and significant economic benefit to Scotland.</p> <p>The Funding helps in attracting large scale productions into the country, and maximising screen spend in Scotland.</p>
Screen Commission		187	The Screen Commission department provide the locations service, represent Screen Scotland at international markets and industry events and work with production companies to provide crews, talent and facilities in Scotland.
Talent		166	Additional grant-in-aid received from the National Transition Training Fund, to allow the retraining of creative individuals to work in the screen sector.
Infrastructure		1,100	This fund supports the development of the film and TV studio operated by Shorestage Limited, Creative Scotland's wholly owned subsidiary. The fund includes funding for the operation of the studio, refurbishment and maintenance works.
Strategic Partnerships		627	A fund to develop further strategic partnerships with content commissioners such as the BBC and Channel 4.
Professional Development Fund		64	Support for individuals working in film and television to access training, mentoring and other professional development activity, nationally and internationally.

5. Capital

Creative Scotland received £11 million in grant-in-aid for capital grants in the 2020/21 financial year, which was allocated as follows:

Project	Grant-in-aid spend in 2020/21 in £'000	Details
Kelvin Hall Studio	7,900	<p>A contribution towards a capital project to create a new film and television studio at the Kelvin Hall in Glasgow.</p> <p>The new facility will be delivered by Glasgow City Council with a total budget of £11.9 million, with £7.9 million funded by grant-in-aid from Creative Scotland</p>
Creative Scotland capital programme	3,100	A contribution to Creative Scotland's capital programme in order to fund the remaining commitments for a number of projects including the redevelopment of the Fruitmarket Gallery in Edinburgh.

COVID Emergency Response

Creative Scotland's primary focus following the COVID-19 pandemic was to keep funding flowing to sustain individuals and organisations through the immediate short-term impacts and looking ahead to the medium to long term recovery required.

This initial response in the period to July 2020 included a commitment that all funding awards already committed would be honoured regardless of whether the funded activity was cancelled, reduced or rescheduled. In addition, a number of new funds were launched to support freelancers (Bridging Bursaries) and the Open Fund was re-purposed and re-launched to focus on sustaining creative development, with separate streams to support individuals and organisations. Our targeted programmes were also reviewed, with focus given to supporting organisations and individuals.

In July 2020, the UK Government announced additional funding for the cultural and heritage sectors would be provided to the Scottish Government, and from this funding was allocated for funding programmes to support individuals, organisations, and for other areas of targeted support including youth arts and also for future programmes for communities to respond to the issues raised by the pandemic.

A total of £66.2 million was spent on these programmes, split as follows:

INDIVIDUALS		ORGANISATIONS	
Bridging Bursaries	2,568	Culture Organisations & Venue Recovery Fund	13,131
Hardship Funds	16,905	Performing Arts Venue Relief Fund	12,196
		Grassroots Music Venue Relief Fund	6,200
		Independent Cinemas	5,531
		COVID Targeted Funds	3,801
		Culture Collective	5,892
	19,473		46,751

In addition to the £66.2 million above, £4 million of emergency funding was also allocated to the Open Project Funds, (see page 10) and £3.8 million to Youth Arts, operated alongside the YMI programme (see page 10).

The CS National Lottery Distribution Fund also distributed £1.7 million of Bridging Bursary funds (which included a £1 million contribution from the Freelands Foundation).

1. Support for individuals

Bridging Bursary Funds

Two funds were launched on 27 March 2020 at the beginning of the UK wide lockdown: the Creative Scotland Bridging Bursary Fund for freelance creative professionals working in the not-for-profit sector, and the Screen Scotland Bridging Bursary Fund for freelance or self-employed screen practitioners. Both funds were targeted at those who had lost earnings due to the cancellation of work as a result of COVID-19.

The two funds were resourced from the following sources:

- Scottish Government grant-in-aid (£1.6m);
- Creative Scotland National Lottery Distribution Fund (1.7m);
- A grant of £1 million from the Freelands Foundation.

The Fund ran over two phases in 2020: 30th March to 2nd April, and 20th April to 25th April. Applicants could request funding of between £500 and £2,500 to support their immediate needs. Additional financial support could be requested for those with access needs.

A total of 2,294 awards was distributed across the Bridging Bursary Funds to a total value of £4.3 million. Of this, £2.6 million was distributed from Creative Scotland and £1.7 million from the CS NLDF. The distribution of the fund across artform is shown below:

Artform	Awards	Total Funding (£'000)
Crafts	107	198
Creative Learning	66	113
Dance	73	125
Design	45	79
Digital	13	19
Literature	48	85
Multi-Art Form	161	286
Music	458	871
Place and Communities	1	3
Screen	647	1,352
Theatre	255	431
Visual Arts	420	745
Total	2,294	4,307

The Hardship Fund for Creative Freelancers and the Screen Hardship Fund

A total budget of £17 million was provided by the Scottish Government for freelancers working across the arts, screen and creative industries. The two funds offered an award to those freelancers most deeply impacted and disadvantaged by the cancellation of work due to the pandemic. The overriding priorities for the programme were to retain a vital workforce within Scotland's cultural sectors and to offer support to those who were unable to access direct support from other sources of funding. The funds were targeted at a wider group of freelancers, including those working outwith the not-for-profit sectors.

The Hardship Fund was delivered over a number two main funding rounds:

1. Round 1 was delivered by Creative Scotland and five intermediary partners (Crafts Council, Society of Authors, Help Musicians, BECTU and Visual Arts Scotland) between October 2020 and February 2021.
2. Round 2 was delivered direct by Creative Scotland in March 2021. This round was focussed on new applicants who had not requested support in round 1 and also provided a 'top-up' fund for those who were previously successful in round 1.

Applications could be made for between £500 and £2,000, with additional financial support available on request for those with access needs. In total £16.8 million for 9,041 awards were distributed by Creative Scotland and the five partners. In addition, £100,000 was paid to the five partners towards their administration costs in delivering Round 1. The distribution by artform is listed below:

Artform	Awards	Total Funding (£'000)
Craft	448	827
Dance	408	767
Design	254	466
Digital	7	11
Literature	154	275
Multi Artform	923	1,735
Music	3,018	5,688
Other	724	1,352
Screen	836	1,562
Theatre	888	1,616
Visual Arts	1,381	2,537
TOTAL	9,041	16,836

2. Support for organisations

Performing Arts Venue Relief Fund (PAVRF)

The fund was launched over the summer of 2020 and had two strands: support for performing arts venues in Creative Scotland’s RFO portfolio; and an open fund for other performing arts venues that operate within Scotland. The aim of both strands was to remove the threat of insolvency prior to the end of March 2021; allow specialist and core staff to return from furlough; and increase the commissioning and employment opportunities for freelance artists and creative practitioners. The details of the fund were developed with input from the Federation of Scottish Theatres

The first strand of PAVRF awarded a total of £7.5 million to 20 regularly funded organisations and the second strand awarded a total of £4.7 million to 41 organisations, covering a total of 59 venues across Scotland.

Culture Organisations and Venues Recovery Fund

The Fund was launched to provide emergency support to organisations that provide opportunities for cultural engagement and were unable to trade due to the impact of Covid-19. Its primary aim was to protect jobs and to support the sustainability of organisations threatened by insolvency in the short to medium term.

Assessments opened on 17 September 2020, and an assessment process took place which scored applicants on cultural elements and financial sustainability. Funding was available for between £10,000 to £150,000. Applicants who could provide evidence of delivering cultural activity during the period of lockdown could apply for funding up to £250,000.

The Fund made 233 awards totalling £13.1 million, which was split across the sectors as follows:

	Awards	Funding £'000
Comedy	6	583
Events/festivals	40	1,703
Magic	2	23
Music	35	999
Nightclubs	37	3,374
Performing arts	28	1,197
Publisher	3	168
Support infrastructure	27	1,615
Venues/art centres	33	2,255
Visual arts/craft/design	22	1,214
Total	233	13,131

Grassroots Music Venues Stabilisation Fund

This Fund operated over two application phases in 2020/21. The Fund was launched in response to discussions between the Music Ventures Trust and the Scottish Government over how best to support grassroots live music venues. A total budget of £12.2 million was awarded for both phases and was targeted at venues that support and develop new musical talent.

The first phase was launched on 19 August 2020 and closed for applications on 3 September 2020. Applications were permitted for between £5,000 to £50,000 for indoor, permanent venues in Scotland where the main function is to present all-year-round live grassroots music events for a public audience. In addition,

applications were restricted to venues with a maximum capacity of 600, with consideration of applications with up to 1,000 capacity on an exceptional basis.

The second phase of the fund was launched on 20 January 2021 and was intended to prevent music venues from closing permanently before end June 2021. Funding was open to two groups: those successful applications from round 1, and other grassroots music venues that did not receive funding in round 1. The application range for round 2 was between £10,000 and £70,000 and the eligibility criteria were the same.

The Fund made 144 awards totalling £6.2 million over the two rounds.

Independent Cinema Recovery and Resilience Fund

The Fund operated over two application phases and was targeted at independently owned cinemas in Scotland, in order to provide emergency funding during the period of lockdown. The first application process opened on 20 September 2020 and closed on 5 October 2020. A second top-up phase was operated in March 2021 to provide a top up to the original awards.

A total of 30 independent cinemas and 2 touring operators received a total of £5.5 million in funding.

COVID targeted Funds

Additional targeted funding was provided to organisations as part of the emergency COVID-19 funding for culture. This included a £3 million allocation from the Scottish Government to secure the future of three of Scotland's important independent performing arts charities:

- Aberdeen Performing Arts- £1.4 million
- Eden Court- £0.8 million
- Capital Theatres (which operates the Festival Theatre, the King's Theatre and The Studio in Edinburgh)- £1.3 million

Additional funds were provided to: Glasgow International (£150,000), the Edinburgh Festival Fringe Society (£81,000) and the Fruitmarket Gallery (£70,000) for specific COVID-19 response projects.

Culture Collective Fund

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

The Fund was launched on 4 November and closed for applications on 16 December. Applicants could request funding in the range £100,000 to £300,000. A total of 26 awards totalling £5.9 million were made to organisations across Scotland.

The fund will continue to operate until 2023 and will be supported in future years with an additional £300,000 of National Lottery funds.

Operations

Homeworking

Creative Scotland offices closed in March 2020, and all CS staff have been working from home since this period and over the financial year 2020-21. The digital transformation project has continued during this period, with both Microsoft Teams and SharePoint being introduced to support homeworking at the onset. In addition, a new funding management system was introduced, which allowed the organisation to quickly launch new funding programmes using both online applications and assessments, and the functionality to process large volumes of applications from assessment through to payment.

Subsidiary company

Creative Scotland's wholly owned subsidiary company, Screen Scotland Limited, was renamed Shorestage Limited on 1 September 2020. The subsidiary is involved in the development of a film and TV studio for Scotland and leases a property in Bath Road, Leith from Forth Ports PLC where the studio is based. During the year, the lease with Forth Ports PLC was extended to 31 December 2021, and an operator agreement was in place with First Stage Studios Ltd. During the year, a number of refurbishment works took place to turn the premises into a suitable production facility. The first television production moved into the facility in November 2020 and occupation for future productions was also agreed. The results of Shorestage Limited are consolidated into the group accounts of Creative Scotland

Looking forward

The pandemic has necessitated a reprioritisation of Creative Scotland's strategic approach. In responding to this, a refreshed strategic framework has been established to guide activity in 2021-22 and beyond, which is presented in the Annual Plan for 2021/22. Four priorities have been identified:

- 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.

In addressing these priorities Creative Scotland will commit to:

- Increasing the diversity of who receives and benefits from funding;
- Ensuring all support contributes to fair pay, conditions, and employment opportunities;
- Significantly reducing the environmental impact of Creative Scotland and those supported;
- Responding to local contexts, promoting artistic development and business sustainability across all parts of Scotland;
- Building on existing support for international collaboration and artistic exchange.

Performance Overview

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.

The usual practice would be for Creative Scotland to publish an annual plan for the year, which would set out the ambitions and priorities for that year and provide a summary of planned income and expenditure. Due to the outbreak of the COVID-19 pandemic in the month before the financial year started, no annual plan was published for the 2020-21 financial year as priority was placed on emergency responses to the pandemic. This involved close liaison with the Scottish Government to ensure Creative Scotland was aligned with the national response, and ensuring the organisation was able to respond to a fast moving environment. This included delivering a significant increase in funding from both a financial and volume of application perspective.

Due to the lockdown measures that were in place at different degrees for the full financial year and into 2021-22, it was clear that it would not be possible to collect data for many of the performance measures as many cultural venues were closed and many of the regularly funded organisations had reduced operations or had placed staffed in furlough. However, relevant data has been collected to report on financial performance, administrative performance and operations (creditor days). An Annual Review for 2020/21 will be published providing an overview of the activities during the year.

Financial performance

The financial statements for 2020/21 have been prepared under an Accounts Direction, on page 70, issued by the Scottish Ministers to meet the accounting and disclosure requirements of applicable accounting standards so far as these requirements are appropriate and comply with the Government Financial Reporting Manual (FRM).

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

Creative Scotland - Results for the year ending 31 March 2021 versus Budget

	<u>Actual</u> <u>£'000</u>	<u>Budget</u> <u>£'000</u>	<u>Variance</u> <u>£'000</u>
Income			
Project income	(1,259)	(1,237)	22
Other income	(2,197)	(2,320)	(123)
Expenditure			
Grants awards and investments	139,516		
Project Expenditure	293		
Less de-committed awards	(341)		
Total net grants and project expenses	139,468	139,057	(411)
Staff costs	6,888	7,011	123
Other operating expenditure	2,818	2,860	42
Net expenditure	145,718	145,371	(347)

The net expenditure for the year is £347,000 over budget due to non-cash items relating to the Strathclyde Pension Fund, movement in the Arts Council Retirement Plan (1994) provision and an increase in holiday pay accruals. Budget cover is provided by the Scottish Government for these items. Depreciation is funded from a ringfenced non-cash budget.

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 2020/21	Outturn for 2019/20
Minimum of 90% of funding applications processed within published timeframe	% of applications processed within agreed timeframe	93%	99%
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	88%	98%

There was a significant increase in funding applications received in the year due to the COVID-19 pandemic, which in turn impacted on processing times. The organisation continued to ensure at least 90% of funding applications were processed within the published timeframe, although the payment processing KPI was missed by 2%.

Environmental Sustainability

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

Our work in this area includes:

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

Monitoring of GHG emissions in tonnes of CO₂ for 2 key areas for our operations for 2020/21 and 2019/20 were undertaken, with key results shown in the table below:

	2020-21 GHG (tCO₂e)	2019-20 GHG (tCO₂e)	% change
Energy	16.3	25.9	(37%)
Business Travel	-	98.8	(100%)

During 2020-21, there was no significant business travel undertaken, as the UK operated under travel restrictions for much of this time, and Creative Scotland policies restricted travel to essential purposes only. Energy use was also limited, as the Creative Scotland offices were closed to staff throughout the year.

Social matters

Creative Scotland is committed to ensuring people of all ages and from different types of communities throughout the country can have deep and meaningful engagement with the arts, screen and creative industries. Access and place are key ambitions in the 10-year plan to help achieve this. The following activities took place in 2020-21 to help achieve this:

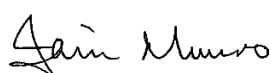
- Establishment of an EDI Advisory Group to inform, support and develop delivery against Creative Scotland's current and future Equalities Outcomes;
- Continuing to work on the Corporate Parenting Plan, which identifies opportunities for young people from care backgrounds;
- Working with local authorities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

Anti-bribery and corruption

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

Payment of creditors

The Scottish Public Finance Manual requires that invoices be paid within ten days of receiving a valid invoice. During the year ended 31 March 2021, 86% of invoices were paid within ten days (2020: 81%), with an average payment date of 6 days (2020: 8.2).



Iain Munro
Chief Executive and Accountable Officer
25 November 2021

Accountability Report

Corporate Governance Report

Director's Report

List of board members and senior leadership team:

Board Members

Malath Abbas (from 1 April 2021)
Ewan Angus
Yahya Barry (from 1 April 2021)
David Brew
Duncan Cockburn
Duncan Hendry (from 1 April 2021)
Stephanie Fraser
Philip Long
Carol Main (from 1 April 2021)
Sarah Munro
Elizabeth Partyka
David Strachan
Robert Wilson (Chair)

Iain Aitchison (to 30 June 2020)
Karen Forbes (to 30 June 2020)
Cate Nelson-Shaw (to 30 June 2020)
Karthik Subramanya (to 30 June 2020)

Senior Leadership Team

Iain Munro, Chief Executive
Isabel Davis, Executive Director, Screen
Ian Stevenson, Director, Finance and Funding Operations
Karen Lannigan, Director, HR & Office Services
Kenneth Fowler, Director, Communications (from July 2020)
Clive Gillman, Director, Creative Industries
Joan Parr, Acting Director, Arts & Engagement
David Smith, Director, Screen
Alastair Evans, Acting Director, Strategy (from July 2021)

Ken Miller, Interim Director, Communications (to June 2020)
Gary Cameron, Acting Director, Strategy (to July 2021)

Creative Scotland Board

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

Name	Date of appointment	Term	End of current term	Attendance
Robert Wilson (Chair)	10 February 2018	1 st	9 February 2022	12 out of 12
David Brew	1 August 2015	2 nd	31 July 2023	12 out of 12
Iain Aitchison	1 August 2016	1 st	30 June 2020	4 out of 4
Karen Forbes	1 August 2016	1 st	30 June 2020	4 out of 4
Karthik Subramanya	1 August 2016	1 st	30 June 2020	2 out of 4
Cate Nelson-Shaw	1 August 2016	1 st	30 June 2020	2 out of 4
Ewan Angus	1 August 2018	1 st	31 July 2022	12 out of 12
Elizabeth Partyka	1 August 2018	1 st	31 July 2022	12 out of 12
David Strachan	1 August 2018	1 st	31 July 2022	12 out of 12
Duncan Cockburn	16 September 2019	1 st	15 September 2023	10 out of 12
Philip Long	16 September 2019	1 st	15 September 2023	9 out of 11
Stephanie Fraser	16 September 2019	1 st	15 September 2023	12 out of 12
Sarah Munro	16 September 2019	1 st	15 September 2023	10 out of 12

Four board members' terms ended on 30 June 2020 (Iain Aitchison, Karen Forbes, Karthik Subramanya and Cate Nelson-Shaw). A recruitment process took place in the year and an additional four board members were appointed: Malath Abbas, Yahya Barry, Duncan Hendry and Carol Main. Their terms began on 1 April 2021.

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.

Audit and Risk Committee

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

The following members of the Board served on the Audit and Risk Committee during 2020/21:

Membership	Meetings attended
David Brew (Chair)	4 out of 4
Duncan Cockburn	4 out of 4
Philip Long	4 out of 4

During the year, the Committee reviewed:

- The 2019/20 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;
- Additional reviews requested by the Committee on the financial controls operating during homeworking arrangements and for the administration of the emergency funding programmes;
- Revisions to the Framework Agreement between the Scottish Government and Creative Scotland;
- The data protection annual report for 2019/20 and regular updates on implementing outstanding issues to ensure that data protection impact assessments (DPIAs) are completed for key digital transformation projects;
- Delegated authority and budget control guidelines;
- The risk register and wider risk management arrangements, which were discussed at every meeting.

Financial and General Purposes Committee

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

The following members of the Board served on the Finance and General Purposes Committee during 2020/21:

Membership	Meetings attended
Elizabeth Partyka (Chair)	4/4
Iain Aitchison	1/1
Ewan Angus	4/4
Stephanie Fraser	4/4

During the year, the Committee reviewed:

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

Nominations Committee

The Nominations Committee contributes as required to the appointment process for new Board members and to ensure induction, training and performance reviews are undertaken. The Committee is chaired by Robert Wilson with attendance from other board members as agreed. There were no meetings of the Committee during 2020/21

Screen Committee

During the year, the Screen Committee was constituted as a sub-committee of the Board to oversee the delivery of Screen Scotland's aims and objectives and is chaired by David Strachan. The role of the Screen Committee includes providing advice on Screen Scotland's strategy, agree and monitor operational plans and budgets, oversee the effectiveness of partnership working and maintaining and monitoring Screen Scotland's Risk Register.

The following members of the Board served on the Screen Committee during 2020/21:

Membership	Meetings attended
David Strachan (Chair)	2 out of 2
Elizabeth Partyka (Chair)	2 out of 2
Ewan Angus	2 out of 2

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 (DPO) provides an annual report to the Audit and Risk Committee, and the report for 2020/21 confirms that there were no incidents of data loss that required to be reported to the Information Commissioner.

Statement of Accountable Officer's responsibilities

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

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

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

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

Creative Scotland's external auditor is appointed by the Auditor General for Scotland, and for the year ended 31 March 2021, 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 2020/21 the Board met on 12 occasions all of which were chaired by Robert Wilson. Minutes of these meetings are published on Creative Scotland's website. The number of board meetings were increased to allow the Board to respond to urgent matters arising from the pandemic.

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

- The response to the COVID-19 pandemic, including the impact on Creative Scotland and its operations and the impact on the arts, screen and creative industries;
- Funding responses to the COVID-19 pandemic, including the launch of specific Creative Scotland funding programmes, and emergency funding received from the Scottish Government;
- Approval of funding awards over £500,000- there were 11 awards across Creative Scotland and the CS NLDF that fell into this category covering capital, screen and partners for the distribution of hardship funds;
- approval of the 2020-21 budget;
- approval of the 2019-20 accounts for both Creative Scotland Group and the Creative Scotland National Lottery Distribution Fund;
- Review of the risk register;
- Review of the digital transformation projects including the launch of new funding programmes and funding systems;

- Long term strategy for future Creative Scotland funding programmes.

The Board received regular updates from the Audit & Risk, Finance & General Purposes and Screen committees, which were standing items at each full board meeting. Details of the committees and their work in the year are noted on pages 25-26. 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 2021 and up to the date of approval of the annual report and financial statements.

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

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

Internal audit is outsourced to an independent third-party organisation appointed by Creative Scotland. Henderson Loggie LLP acted as Internal Auditor in 2020-21. External audit is provided by Audit Scotland.

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

The independent Internal Auditor's Annual Report found that Creative Scotland has adequate and effective arrangements for risk management, control and governance and that proper arrangements are in place to promote and secure value for money. However, the Internal Auditor recommended action to better integrate equality into day-to-day working activities of the organisation to ensure compliance with Equality Act. The

main deficiency identified was that an equal pay audit had not been completed in the 2019 Equalities Mainstreaming report, which is a requirement for scheduled public bodies in the Equality Act. This outstanding item has now been actioned.

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 2021 and up to the signing of the financial statements, the organisation has continued its long term strategic reviews, and plans for digitising the application process for key funding routes. The organisation will continue to develop its funding and strategy reviews during 2021/22 to improve corporate governance procedures.

Risk management

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

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

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

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

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

Response to COVID-19

The COVID-19 pandemic and the lockdown measures in the UK have had a significant impact on Creative Scotland's operations. The organisation's response in terms of funding programmes is set out on page 15.

In addition to the support announced for individuals and organisations, a number of responses were initiated to ensure proper corporate governance during this period, including:

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

An internal audit was also commissioned to review the operation of key financial controls in place during the period of homeworking. This included a review of the emergency funding programmes in response to the pandemic undertaken in the year. The review found that effective financial controls have remained in place and are continuing to manage the financial risks Creative Scotland is exposed to.

The increase in funding activity remains a risk for the organisation, and in the current climate this includes ensuring emergency funding is used for the intended purposes. During the year, legal action was commenced in relation to one applicant where it was suspected that funds were not being used for the intended purpose of the emergency funding received.

Conclusion

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

Remuneration and staff report

Board

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

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

Scottish Ministers decided to allow other board members to be remunerated with effect from 1 October 2019. The daily rate for board remuneration is set by Scottish Ministers and has been set for 2020/21 at a rate of £218 per day up to a maximum of £2,616 per year. Future pay increases are subject to the Scottish Government Public Sector Pay Policy.

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	2020/21				2019/20			
	Board Fee £'000	Benefit in kind £100s	Pension Benefit s £'000	Total	Board Fee £'000	Benefit in kind £100s	Pension Benefits £'000	Total
Robert Wilson (Chair) 1	-	-	-	-	-	-	-	-
David Brew	0.5	-	-	0.5	0.5	-	-	0.5
Iain Aitchison ²	0.5	-	-	0.5	0.5	-	-	0.5
Karen Forbes ²	0.5	-	-	0.5	0.5	-	-	0.5
Karthik Subramanya ²	0.5	-	-	0.5	0.5	-	-	0.5
Cate Nelson-Shaw ²	0.5	-	-	0.5	0.5	<1	-	0.5
Ewan Angus	0.5	-	-	0.5	0.5	<1	-	0.5
Elizabeth Partyka	0.5	-	-	0.5	0.5	2	-	0.5
David Strachan	0.5	-	-	0.5	0.5	2	-	0.5
Duncan Cockburn	0.5	-	-	0.5	0.5	3	-	0.5
Philip Long	0.5	-	-	0.5	0.5	-	-	0.5
Stephanie Fraser	0.5	-	-	0.5	0.5	<1	-	0.5
Sarah Munro	0.5	-	-	0.5	0.5	-	-	0.5

1. Robert Wilson has not taken remuneration during his period of appointment.
2. Iain Aitchison, Karen Forbes, Karthik Subramanya and Cate Nelson-Shaw's term of appointment ended on 30 June 2020.

Senior Leadership Team

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

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

Remuneration of the Senior Leadership Team*

Name	2020/21				2019/20			
	Salary/ (Bonus) £'000	Benefi t in kind £100s	Pension Benefits £'000	Total	Salary/ (Bonus) £'000	Benefit in kind £100s	Pension Benefits £'000	Total
Iain Munro Chief Executive	115-120 (0)	-	100-105	220-225	115-120 (0)	-	90-95	210-215
Isabel Davis Executive Director, Screen	95-100 (0)	-	25-30	120-125	90-95 (0)	-	20-25	110-115
Kenneth Fowler ¹ Director, Communications	75-80 (0)	-	20-25	100-105	75-80 (0)	-	15-20	95-100
Karen Lannigan Director, HR & Office Services	80-85 (0)	-	30-35	115-120	80-85 (0)	-	35-40	115-120
Ian Stevenson Director, Finance & Funding Operations	80-85 (0)	-	25-30	105-110	80-85 (0)	-	25-30	110-115
Clive Gillman Director, Creative Industries	70-75 (0)	-	20-25	90-95	65-70 (0)	-	15-20	85-90
Joan Parr Interim Director, Arts & Engagement	60-65 (0)	-	20-25	80-85	60-65 (0)	-	10-15	75-80
Gary Cameron Interim Director, Strategy	60-65 (0)	-	10-15	75-80	40-45 (0)	-	5-10	50-55
David Smith Director, Screen	75-80 (0)	-	15-20	90-95	30-35 (0)	-	5-10	35-40

Figures shown are for the Senior Leadership Team in place during 2020-21 who were Creative Scotland employees.

1. Mr Fowler was seconded to the Scottish Government until 30 June 2020.

Seconded senior staff

Mr Ken Miller was seconded to Creative Scotland from Health Improvement Scotland as Interim Director of Communications until 30 June 2020. The FTE salary for this post under the secondment agreement is £65,000 to £70,000. Creative Scotland paid £27,067 (salary, on-costs and VAT) to Health Improvement Scotland during 2020/21 under the agreement.

Mr John Campbell was seconded to Creative Scotland from the Scottish Government as Director of Digital Transformation with effect from 9 September 2019. The FTE salary for this post under the secondment agreement is £75,000 to £75,000 and Creative Scotland paid £126,065 (salary, on-costs and VAT) to the Scottish Government during 2020/21. Mr Campbell remains an employee of the Scottish Government.

Salary

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

Benefits in kind

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

Bonus

No bonuses were paid during the period (2019/20- 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 2021 and 31 March 2020*:

Name	Accrued pension (lump sum) 31 March 2021 £'000	Accrued pension (lump sum) 31 March 2020 £'000	Real increase in pension (lump sum) (lump sum) £'000	CETV 31 March 2021 £'000	CETV 31 March 2020 £'000	Real increase in CETV in CETV £'000
Iain Munro	35-40 (105-110)	30-35 (90-95)	2.5-5 (12.5-15)	683	612	84
Isabel Davis	0-5 (5-10)	0-5 (5-10)	0-2.5 (2.5-5)	55	33	19
Kenneth Fowler	5-10 (25-30)	5-10 (20-25)	0-2.5 (2.5-5)	181	163	20
Karen Lannigan	15-20 (5-10)	15-20 (5-10)	0-2.5 (0-2.5)	252	221	31
Ian Stevenson	10-15 (30-35)	10-15 (30-35)	0-2.5 (2.5-5)	218	200	21
Clive Gillman	5-10 (15-20)	0-5 (10-15)	0-2.5 (2.5-5)	110	87	21
Joan Parr	10-15 (35-40)	10-15 (30-35)	0-2.5 (2.5-5)	268	252	20
Gary Cameron	0-5 (5-10)	0-5 (5-10)	0-2.5 (0-2.5)	42	33	9
David Smith	0-5 (0-5)	0-5 (0-5)	0-2.5 (2.5-5)	25	8	15

Pension scheme

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

Cash Equivalent Transfer Values

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

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

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

Real increase in CETV

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

Exit packages*

Exit package cost band	Compulsory redundancies		Other settlements	
	Total number of packages by cost band	Total number of packages by cost band	Total number of packages by cost band	Total number of packages by cost band
	(2020/21)	(2019/20)	(2020/21)	(2019/20)
Less than £10,000	-	-	-	-
£10,000 to £24,999	-	-	-	1
£25,000 to £49,999	-	-	-	-
£50,000 to £100,000	-	-	-	-
Over £100,000	-	-	-	-
Total number of exit packages	-	-	-	1

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

Median pay multiples*

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

	2020/21	2019/20
Banded remuneration of the highest paid director in Creative Scotland	£115,000 to £120,000	£115,000 to £120,000
Median Remuneration of Creative Scotland staff	£36,572	£29,998
Ratio	3.21	3.92
Range of staff remuneration below highest paid director (bands of £5,000)	£20,000 to £100,000	£15,000 to £95,000
Employees receiving remuneration in excess of the highest-paid director	0	0

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

Staff costs and numbers*

	2020/21	2020/21	2020/21	2020/21	2019/20
	Employees	Agency staff	Inward	Total	Total
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Staff Costs	4,903	-	-	4,903	4,504
NI	493	-	-	493	448
Pension costs	1,144	-	-	1,144	1,157
Agency fees	-	310	-	310	231
Invoiced	-	-	153	153	176
Total	6,540	310	153	7,003	6,516
Average FTE by directorate					
Executive Office	6.0	1.0	-	7.0	6.9
Finance and Funding	18.4	0.3	-	18.7	18.1
Communications	15.1	-	0.3	15.4	15.2
HR & Office Services	10.1	-	-	10.1	10.6
Arts & Engagement	34.6	-	-	34.6	34.1
Screen Scotland	18.2	-	-	18.2	16.8
Creative Industries	6.9	-	-	6.9	7.2
Strategy	11.9	-	-	11.9	11.9
Digital Transformation	6.0	3.0	1	10.0	8.6
Total	127.2	4.3	1.3	132.8	129.4

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 2021.

	Males	Females
Senior Leadership Team	6	3
Creative Scotland Board	6	3
All other employees	38	85

Sickness absence

In the year to 31 March 2021, an average of 2.6 working days (2020: 5.4 days) was lost per staff member working in the year.

Equalities and diversity

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

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

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

Trade Union Relations

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

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

Relevant union officials

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

Percentage of time spent on facility time

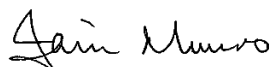
% of time	Number of employees
0%	-
1-50%	3
51-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time (£)	2,513
Total pay bill (£)	6,540,000
% of pay bill spent on facility time	0.04%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	100%
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Iain Munro
Chief Executive and Accountable Officer
25 November 2021

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

Reporting on the audit of the financial statements

Opinion on financial statements

I have audited the financial statements in the annual report and accounts of Creative Scotland for the year ended 31 March 2021 under the Public Services Reform (Scotland) Act 2010. The financial statements comprise Group Statement of Comprehensive Net Expenditure, the Group Statement of Financial Position, the Statement of Group Cash Flows, the Statement of Changes in Group Taxpayers' Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and as interpreted and adapted by the 2020/21 Government Financial Reporting Manual (the 2020/21 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view in accordance with the Public Services Reform (Scotland) Act 2010 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2021 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union, as interpreted and adapted by the 2020/21 FReM; and
- have been prepared in accordance with the requirements of the Public Services Reform (Scotland) Act 2010 and directions made thereunder by the Scottish Ministers.

Basis for opinion

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the Code of Audit Practice approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 26th January 2018. The period of total uninterrupted appointment is 4 years. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern basis of accounting

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

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

Risks of material misstatement

I report in a separate Annual Audit Report, available from the Audit Scotland website, 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 deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

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

Reporting on other requirements

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

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

Statutory other information

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

My responsibility is to read all the statutory other information and, in doing so, consider whether the statutory other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether 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 statutory 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 statutory other information and I do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

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

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

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

Matters on which I am required to report by exception

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

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

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

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

**Liz Maconachie, CPFA
Senior Audit Manager**

Audit Scotland
8 Nelson Mandela Place
Glasgow G2 1BT

Group Statement of Comprehensive Net Expenditure

For the year ended 31 March 2021

	Note	Creative Scotland		Group	
		2020/21	2019/20	2020/21	2019/20
		£'000s	£'000s	£'000s	£'000s
Income					
Project income	5	1,259	2,113	1,259	2,113
Other operating income	6	2,197	3,306	2,197	3,306
Sales revenue		-	-	508	-
		3,456	5,419	3,964	5,419
Expenditure					
Staff costs	7	6,888	6,811	6,888	6,811
Grant commitments	8	139,516	55,571	138,422	55,273
Less: de-commitment of prior year grants		(341)	(262)	(341)	(262)
Project expenditure	9	293	711	293	711
Other operating expenditure	10	2,631	2,717	4,233	3,015
Depreciation		187	219	187	219
		149,174	65,767	149,682	65,767
Net operating costs for the year		(145,718)	(60,348)	(145,718)	(60,348)
Other finance (costs) / income	18	(21)	(42)	(21)	(42)
		(21)	(42)	(21)	(42)
Net expenditure		(145,739)	(60,390)	(145,739)	(60,390)

Other comprehensive expenditure

	Creative Scotland		Group	
	2020/21	2019/20	2020/21	2019/20
	£'000s	£'000s	£'000s	£'000s
Retained deficit for the financial year	(145,739)	(60,390)	(145,739)	(60,390)
Actuarial gain/(loss) on the Strathclyde Pension Fund	271	973	271	973
Capital grant net income	(29)	(30)	(29)	(30)
Net gain/(loss) on revaluation of property	8	18	8	18
Total comprehensive expenditure	(145,489)	(59,429)	(145,489)	(59,429)

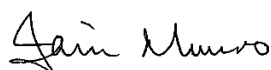
The notes on pages 47-69 form part of these accounts.

Group Statement of Financial Position

As at 31 March 2021

	Note	Creative Scotland		Group	
		2020/21	2019/20	2020/21	2019/20
		£'000s	£'000s	£'000s	£'000s
Non-current assets					
Property, plant and equipment	12	1,550	1,704	1,550	1,704
Intangible assets	13	-	25	-	25
Total non-current assets		1,550	1,729	1,550	1,729
Current assets					
Trade and other receivables	14	2,190	2,694	2,238	2,652
Cash and cash equivalents	15	26,015	10,679	26,182	10,751
Total current assets		28,205	13,373	28,420	13,403
Total assets		29,755	15,102	29,970	15,132
Current liabilities					
Trade and other payables	16	(26,533)	(11,485)	(26,748)	(11,515)
Provisions	19	(223)	(223)	(223)	(223)
Total current liabilities		(26,756)	(11,708)	(26,971)	(11,738)
Non-current assets plus net current assets		2,999	3,394	2,999	3,394
Non-current liabilities					
Provisions	19	(464)	(507)	(464)	(507)
Other payables	16	(389)	(498)	(389)	(498)
Pension liabilities	18	(724)	(849)	(724)	(849)
Total non-current liabilities		(1,577)	(1,854)	(1,577)	(1,854)
Assets less liabilities		1,422	1,540	1,422	1,540
Reserves					
General fund		1,146	1,273	1,146	1,273
Revaluation reserve		276	267	276	267
Total reserves		1,422	1,540	1,422	1,540

The Accountable Officer authorised these financial statements for issue on 25 November 2021.



Iain Munro
Chief Executive and Accountable Officer
25 November 2021

The notes on pages 47-69 form part of these accounts.

Statement of Group Cash Flows

For the year ended 31 March 2021

	2020/21	2019/20
	£'000s	£'000s
Cash flows from operating activities		
Net expenditure	(145,739)	(60,390)
<i>Adjustments for non-cash items</i>		
Adjustments for IAS 19	146	187
Depreciation on property, plant and equipment	162	192
Amortisation of intangible fixed assets	25	27
Capital grants released	(29)	(30)
<i>Movements in working capital</i>		
(Increase)/decrease in trade and other receivables	414	518
Increase/(decrease) in trade and other payables	15,124	2,840
<i>Movements in provisions</i>		
Increase/(decrease) in provisions	(43)	458
Net cash outflow from operating activities	(129,940)	(56,199)
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(148)
Purchase of intangible assets	-	-
Net cash outflow from investing activities	-	(148)
Cash flows from financing activities		
Scottish Government grant-in-aid received	145,371	65,330
Net increase in cash and cash equivalents	15,431	8,983
Cash and cash equivalents at the beginning of the period	10,751	1,768
Cash and cash equivalents as the end of the period	26,182	10,751

The notes on pages 47-69 form part of these accounts.

Statement of Changes in Group Taxpayers' Equity

For the year ended 31 March 2021

	General Fund	Revaluation Reserve	Total
	£'000s	£'000s	£'000s
Balance as at 31 March 2019	(4,610)	249	(4,361)
Changes in taxpayers' equity 2019/20			
Actuarial gain	973	-	973
Retained deficit	(60,390)	-	(60,390)
Grant in Aid transfer	65,330	-	65,330
Revaluation of property	-	18	18
Movement in capital grant	(30)	-	(30)
Balance as at 31 March 2020	1,273	267	1,540
Changes in taxpayers' equity 2020/21			
Actuarial gain	270	-	270
Retained deficit	(145,739)	-	(145,739)
Grant in Aid transfer	145,371	-	145,371
Revaluation of property	-	9	9
Movement in capital grant	(29)	-	(29)
Balance as at 31 March 2021	1,146	276	1,422

The notes on pages 47-69 form part of these accounts.

Notes to the financial statements

(Forming part of the financial statements)

1 Accounting policies

1.1 Basis of accounting and preparation

In accordance with the accounts direction issued by Scottish Ministers under section 13(1) of Schedule 9 of the Public Services Reform (Scotland) Act 2010, these financial statements have been prepared in accordance with 2020/21 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) and IFRIC Interpretations as adapted or interpreted for the public-sector context.

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

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

1.2 Accounting Convention

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

The consolidated accounts (the Group) include the accounts of Creative Scotland and its wholly owned subsidiary company, Shorestage Limited for the year ending 31 March 2021.

1.3 Going Concern

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

1.4 Property, Plant & Equipment (PPE)

Recognition

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

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

Capitalisation

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

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

Measurement

Valuation

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

All assets are measured subsequently at fair value as follows:

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

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

Subsequent expenditure:

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

Revaluations and Impairment:

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

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

Depreciation

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

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

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

1.5 Intangible Assets

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

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

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

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

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

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

- Software - 4 years
- Website development - 3 years

Intangible assets under development are not amortised.

1.6 Financial instruments

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

Financial Assets

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

Other financial liabilities

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

Recognition and measurement

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

Cash and Cash Equivalents

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

1.7 Recognition of income

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

1.8 Resources Expended

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

1.9 Pensions

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

Strathclyde Pension Scheme

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

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

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

Arts Council Retirement Plan 1994

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

The pension cost is assessed every three years by an actuary who determines the rate of contributions required. The most recent actuarial valuation took place in the year to 31 March 2019.

1.10 Leases

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

1.11 Provisions

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

1.12 Taxation and VAT

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

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

1.13 Short Term Employee Benefits

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

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

The International Accounting Standards Board (IASB) has issued the final version of IFRS 16 which will replace IAS 17 for annual periods beginning on or after 1 January 2019. The Government Financial Reporting Manual has deferred implementation of this standard until 1 April 2022, it therefore does not affect the 2020-21 financial statements. The full impact of the introduction of this standard will require assets and liabilities to be increased by the same amount, as operating leases will be treated in the same way as finance leases. IFRS 16 will be adopted for the first time in 2022/23 with 2021/22 forming a comparative year.

2 Critical accounting estimates and judgements

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

- The present value of pension obligations is dependent on actuarial valuations, which are based on assumptions for the discount rate, the rate of inflation, and the rate of future salary and pension increases. These are set out in Note 18, and the sensitivities to any changes in the assumptions used and the impact on the obligation and monetary value are disclosed on page 65.
- 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 25% for salaries and 40% for other operating costs (2019/20: 40% for all applicable operating costs). The reduced recharge for the 2020/21 financial year reflects the additional funding for COVID-19 emergency response programmes, the majority of which were funded from grant-in-aid. A number of NLDF grant programmes were also delayed due to the impact of the lockdown and due to staff working on the emergency funds. As a result, the Finance and General Purposes Committee approved a reduced recharge for salaries for 2020/21.

3 Reconciliation of net expenditure to grant-in-aid

	£'000s
Net expenditure per Group SoCNE	(145,739)
Capital	-
Grant-in-aid for 2020/21	145,371
Net deficit for the year to 31 March 2021	<u>(368)</u>

The grant-in-aid allocated to Creative Scotland for the year to 31 March 2021 was £145.4 million, all of which was drawn down in cash during the year.

4 External auditor's remuneration

	2020/21	2019/20
	£'000s	£'000s
External audit remuneration	47	46
Total external auditor's remuneration	<u>47</u>	<u>46</u>

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

5 Project income

	Creative Scotland		Group	
	2020/21	2019/20	2020/21	2019/20
	£'000s	£'000s	£'000s	£'000s
Creative Europe	34	46	34	46
CashBack for Creativity	8	884	8	884
Royal Edinburgh Military Tattoo	207	146	207	146
City of Edinburgh Council	1,000	1,032	1,000	1,032
Scots Gaitherin'	-	5	-	5
Other	10	-	10	-
	1,259	2,113	1,259	2,113

Project income for the Creative Europe programme is received from the European Commission via the British Film Institute. The project ended on 31 March 2021.

Royal Edinburgh Military Tattoo provides funding for the Young Talent Development Fund.

City of Edinburgh Council funding relates to the Platform for Creative Excellence (PLACE) programme.

6 Other operating income

	Creative Scotland		Group	
	2020/21	2019/20	2020/21	2019/20
	£'000s	£'000s	£'000s	£'000s
Recharges to Creative Scotland NLDF	1,881	2,947	1,881	2,947
Amortisation of capital grant	29	30	29	30
Event space rental income	153	191	153	191
Office space rental income	109	135	109	135
Miscellaneous	25	3	25	3
	2,197	3,306	2,197	3,306

7 Staff costs

	2020/21	2019/20
	£'000s	£'000s
Staff costs during the year		
Wages and salaries	4,903	4,504
Social security costs	493	448
Pension costs	1,144	1,157
Apprenticeship levy	10	8
Movement in holiday pay accrual	15	5
Other staff related costs: temporary staff	310	231
ACRP Deficit Contribution	13	458
	6,888	6,811

The amount recharged in respect of the National Lottery Distribution Fund's share of Creative Scotland's payroll costs was £1.2 million (25% of eligible staff costs) (2019-20: £2.3 million, 40%). A more detailed analysis of staff costs is included in the Remuneration and Staff Report (page 37).

8 Grant commitments

	2020/21	2019/20
	£'000s	£'000s
Regular Funded Organisations	33,205	34,050
Open Project Funding	4,021	631
Scottish Government - Restricted Funds		
Youth Music Initiative (YMI) & Youth Arts	12,146	7,599
Expo Fund	1,802	1,820
Sistema	-	850
Festivals Edinburgh	197	200
Platform for Creative Excellence (PLACE)	1,968	1,968
Expressive Arts	-	15
Demarco Archive	20	-
Total Scottish Government - Restricted Funds	16,133	12,452
Capital Grants	11,000	-
COVID-19 Response Funds		
Culture Organisations & Venue Recovery Fund	13,131	-
Performing Arts Venue Relief Fund	12,196	-
Hardship Funds	16,905	-
Culture Collective	5,892	-
Independent Cinemas	5,531	-
Grassroots Music Venue Relief Fund	6,200	-
Bridging Bursaries	2,568	-
COVID Targeted Funds	3,801	-
Total COVID-19 Response Funds	66,224	-
Targeted – Arts and Engagement		
CashBack for Communities	-	786
Royal Edinburgh Military Tattoo	197	147
Scotland in Venice	240	40
Creative Wellbeing	70	-
Creative Learning – Strategic Development	5	-
Sector Development – Craft	10	-
Sector Development – Dance	15	-
Sector Development – Music	4	-
Targeted – Screen Scotland		
Audience Development	-	450
Broadcast Content Fund	2,300	3,152
Distribution and Exhibition Fund	-	155
Infrastructure	897	298
Production Growth Fund	3,410	1,169
Markets and Festivals Fund	-	84
Skills and Talents	-	116
Strategic Partnerships	627	577
Screen Commission (International Markets and Industry Events)	-	39
Cinema Projection Fund	-	400
Professional Development Fund	64	38
Business Support	-	26

Talent	258	42
Business and Market Development	133	-
Targeted – Creative Industries		
Creative Industries	182	278
Sector Organisations	300	300
Targeted – Strategy		
EDI	62	131
Targeted – Other		
Strategic Fund	90	144
Culture Counts	69	66
Total Targeted Funding	<u>8,933</u>	<u>8,438</u>
Total Grant Commitments for the Year	<u>139,516</u>	<u>55,571</u>

9 Project expenditure

	2020/21 £'000s	2019/20 £'000s
Scottish Government - Restricted Funds		
Youth Music Initiative	(4)	7
Place	-	15
International Showcase Reel	-	39
COVID-19 Response Funds		
Sectoral Hardship Fund	12	-
Targeted – Arts and Engagement		
CashBack for Communities	8	33
Scots Gaitherin'	-	5
Scotland in Venice	-	27
International Partnership Working	-	5
Targeted – Screen		
Broadcast Content Fund	(37)	-
Infrastructure	203	123
Screen Commission (Inward Investment)	185	417
Screen Commission (International Markets and Industry Events)	2	9
Talent	(92)	-
Business and Market Development	3	-
Targeted – Other		
Creative Europe	13	31
Total project expenditure	<u>293</u>	<u>711</u>

10 Other operating expenditure

	Creative Scotland		Group	
	2020/21	2019/20	2020/21	2019/20
	£'000s	£'000s	£'000s	£'000s
HR	94	273	94	273
Office Services	39	85	39	85
Estates	803	800	803	800
Finance	102	168	102	168
Legal and contracts	130	91	130	91
ICT	765	249	765	249
Communications	43	72	43	72
Board and committee expenses	24	20	24	20
Central services	372	736	372	736
Marketing	5	70	5	70
Knowledge and Research	237	132	237	132
External assessors	17	21	17	21
Shorestage Limited	-	-	1,602	298
Total other operating expenditure	2,631	2,717	4,233	3,015

11 Corporation Tax

Corporation tax is due on the bank interest received in the year based on the standard rate of corporation tax for the year. For the year ending 31 March 2021, no corporation tax was payable to HMRC.

12 Property, plant and equipment

	Land	Buildings	Buildings Leasehold	Fixtures and Fittings	IT Equipment	Creative Scotland Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Cost						
1 April 2020	507	746	992	73	250	2,568
Revaluation	3	5	-	-	-	8
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
31 March 2021	510	751	992	73	250	2,576
Depreciation						
1 April 2020	-	21	577	71	195	864
Revaluation	-	-	-	-	-	-
Charge for the year	-	22	106	2	32	162
Disposals	-	-	-	-	-	-
31 March 2021	-	43	683	73	227	1,026
NBV						
31 March 2021	510	708	309	-	23	1,550
Prior year						
	Land	Buildings	Buildings Leasehold	Fixtures and Fittings	IT Equipment	Creative Scotland Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Cost						
1 April 2019	500	735	910	73	183	2,401
Revaluation	7	11	-	-	-	18
Additions	-	-	82	-	67	149
Disposals	-	-	-	-	-	-
31 March 2020	507	746	992	73	250	2,568
Depreciation						
1 April 2019	-	-	471	63	138	672
Revaluation	-	-	-	-	-	-
Charge for the year	-	21	106	8	57	192
Disposals	-	-	-	-	-	-
31 March 2020	-	21	577	71	195	864
NBV						
31 March 2020	507	725	415	2	55	1,704

Land and buildings were revalued at 31 March 2019, by J&E Shepherd, Chartered Surveyors, on the basis of open market value for existing use.

13 Intangible assets

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

Prior year	Computer software	Website	Work in progress	Total
	£'000s	£'000s	£'000s	£'000s
Cost				
1 April 2019	409	237	-	646
Revaluation	-	-	-	-
Additions	-	-	-	-
Transfers	-	-	-	-
Disposals	-	-	-	-
31 March 2020	409	237	-	646
Amortisation				
1 April 2019	407	187	-	594
Revaluation	-	-	-	-
Charge for the year	2	25	-	27
Disposals	-	-	-	-
31 March 2020	409	212	-	621
NBV				
31 March 2020	-	25	-	25

14 Trade receivables and other current assets

	Creative Scotland		Group	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£'000s	£'000s	£'000s	£'000s
Trade receivables	83	1,083	151	1,083
Due from Creative Scotland NLDF	1,122	205	1,122	205
Prepayments and accrued income	553	678	856	481
Grant advances	429	716	106	827
Staff advances and loans	3	12	3	12
VAT due from HMRC	-	-	-	44
	2,190	2,694	2,238	2,652

Trade receivables and other current assets can be analysed as:

	Creative Scotland		Group	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£'000s	£'000s	£'000s	£'000s
Balances with other Central Government bodies	80	1,230	80	1,077
Balances with Local Authorities	250	250	478	250
Balance with Creative Scotland NLDF	1,122	206	1,122	206
Total intra Government balances	1,452	1,686	1,680	1,533
Balances with bodies external to Government	738	1,008	558	1,119
	2,190	2,694	2,238	2,652

15 Cash and cash equivalents

	Creative Scotland		Group	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£'000s	£'000s	£'000s	£'000s
Balance at 1 April	10,679	1,768	10,751	1,768
Net change in cash and cash equivalent balances	15,336	8,911	15,431	8,983
Balance at 31 March	26,015	10,679	26,182	10,751

The following balances at 31 March were held at:

Government Banking Service	26,015	10,679	26,015	10,679
Commercial banks	-	-	167	72
Cash in hand	-	-	-	-
Balance at 31 March	26,015	10,679	26,182	10,751

16 Trade payables and other current liabilities

	Creative Scotland		Group	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£'000s	£'000s	£'000s	£'000s
Amounts falling due within one year:				
Trade payables	431	285	580	285
Grants outstanding	25,102	10,430	25,102	10,430
Accruals	940	507	940	537
Deferred income	60	263	117	263
VAT due to HMRC	-	-	9	-
	26,533	11,485	26,748	11,515
Amounts falling due after one year:				
Other payables, accruals and deferred income	389	498	389	498
	389	498	389	498

Trade payables and other current liabilities can be analysed as:

	Creative Scotland		Group	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	£'000s	£'000s	£'000s	£'000s
Balances with other Central Government bodies	311	290	320	290
Balances with Local Authorities	8,325	629	8,325	629
Total intra Government balances	8,636	919	8,645	919
Balances with bodies external to government	18,286	11,064	18,492	11,094
	26,922	11,983	27,137	12,013

17 Commitments under operating leases

At 31 March 2021, Creative Scotland had future minimum lease payments under non-cancellable operating leases relating to annual rent for premises at Waverley Gate, 2-4 Waterloo Place, Edinburgh; and The Lighthouse, 11 Mitchell Lane, Glasgow.

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

Shorestage Limited has a short-term lease on a property at Bath Road, Leith, which runs to 31 December 2021.

	Creative Scotland		Group	
	31 March	31 March	31 March	31 March
	2021	2020	2021	2020
	£'000s	£'000s	£'000s	£'000s
Operating leases commitments				
Not later than 1 year	569	564	832	827
Later than 1 year and not later than 5 years	1,789	2,091	1789	2,091
Later than 5 years	-	243	-	243

18 Pension schemes

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

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

Strathclyde Pension Fund

These figures are prepared by the Actuaries in accordance with IAS 19. As required under IAS 19, the actuaries have used the projected unit credit method of valuation to measure the pension obligations at 31 March 2021. The last full actuarial valuation of the Strathclyde Pension Fund was carried out on 31 March 2020.

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

Period ended 31 March 2020	Assets	Obligations	Net (liability)/ asset
	£'000s	£'000s	£'000s
Fair value of employee assets	8,500	-	8,500
Present value of funded liabilities	-	10,135	(10,135)
Present value of unfunded liabilities	-	-	-
Opening Position as at 31 March 2019	8,500	10,135	(1,635)
Service cost			
- Current service cost	-	287	(287)
- Past service cost	-	(42)	42
- Effect of settlements	-	-	-
Total service costs	-	245	(245)
Net interest			
- Interest income on plan assets	204	-	204
- Interest cost on defined benefit obligation	-	246	(246)
Total net interest	204	246	(42)
Total defined benefit cost recognised	204	491	(287)
Cashflows			
- Planned participants' contributions	44	44	-
- Employer contributions	100	-	100
- Contributions in respect of unfunded benefits	-	-	-
- Benefits paid	(115)	(115)	-
- Unfunded benefits paid	-	-	-
Expected closing position	8,733	10,555	(1,822)
Remeasurements			
- Change in demographic assumptions		(360)	360
- Change in financial assumptions		(1,119)	1,119
- Other experience	-	(59)	59
- Return on assets excluding amounts included in net interest	(565)		(565)
Total remeasurements recognised	(565)	(1,538)	973
Fair value of employer assets	8,168	-	8,168
Present value of funded liabilities	-	9,017	(9,017)
Present value of unfunded liabilities	-	-	-
Closing Position as at 31 March 2020	8,168	9,017	(849)

Period Ended	31 March 2021	31 March 2020
Assumptions	% p.a.	% p.a.
Financial assumptions		
Pension increase rate	2.85%	1.90%
Salary increase rate	3.55%	3.00%
Discount rate	2.00%	2.30%
Mortality	Males	Females
Current pensioners	19.8 years	22.6 years
Future pensioners	21.2 years	24.7 years

Historic Mortality

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

- Prospective pensioners- CMI 2018 model assuming current rates of improvements have peaked and will converge to a long-term rate of 1.5% p.a. for males and 1.25% p.a. for females.
- Pensioners- CMI 2018 model assuming current rates of improvements have peaked and will converge to a long-term rate of 1.5% p.a. for males and 1.25% p.a. for females.

Assets

Asset Category	Quoted prices in active markets £'000s	Quoted prices not in active markets £'000s	Total £'000s	Percentage of Total Assets %
Equity Securities				
Consumer	559.6	4.4	564.0	5
Manufacturing	599.6	4.6	604.2	6
Energy and Utilities	103.5	2.0	105.5	1
Financial Institutions	369.7	1.4	371.1	3
Health and Care	303.4	0.5	303.9	3
Information Technology	510.8	-	510.8	5
Debt Securities	-	-	-	0
Private Equity	-	1,986.9	1,986.9	18
Real Estate				
UK Property	-	877.7	877.7	8
Investment funds and unit trusts				
Equities	99.0	3,723.5	3,822.5	35
Bonds	-	1,402.3	1,402.3	13
Commodities	-	3.9	3.9	0
Infrastructure	-	14.7	14.7	0
Other	-	19.7	19.7	0
Derivatives				
Other	(0.8)	-	(0.8)	0
Cash and Cash Equivalents	196.9	5.7	202.6	2
Total	2,742	8,047	10,789	100

Projected defined benefit cost for the period to 31 March 2022

	Assets	Obligations	Net (liability)/ asset
	£'000s	£'000s	£'000s
Service cost	-	315	(315)
Interest income on plan assets	215	-	215
Interest cost on defined benefit obligation	-	232	(232)
Total included in the Group SoCNE	215	547	(332)

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased/ (decreased) as a result of a change in the respective assumptions by 0.5% percent. In valuing the liabilities of the pension fund at 31 March 2021, mortality assumptions have been made as indicated below. The table below also shows the effect of changing life expectancy to assume that all members of the fund lived for one year longer.

Sensitivity analysis

	Approximate increase to Employer Obligation	Approximate monetary amount (£000)
0.5 % decrease in Real Discount Rate	11%	1,228
0.5% increase in Salary Increase Rate	1%	140
0.5% increase in Pension Increase Rate	9%	1,061

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 31 March 2017 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

Arts Council Retirement Plan (1994)

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

Contributions by each employer to the Plan are set out in a schedule of contributions which is agreed between the members of the Plan and the actuaries, which took effect on 1 April 2017. The contributions are set on recommendation from the actuary to meet the expected costs of benefits payable from the plan.

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

Creative Scotland's participation in the plan at the latest available date (31 March 2021) is shown below.

	Arts Council Retirement Plan (1994)- Total	Creative Scotland members- total (% of Plan)
Total members	2,589	337 (13%)

19 Provisions

	2021	2021	2021	2020
	Dilapidations	Pension Deficit	Total	Total
	£'000s	£'000s	£'000s	£'000s
1 April	272	458	730	272
Arising in the year	-	13	13	458
Utilised in the year	-	(56)	(56)	-
Reversal	-	-	-	-
31 March	<u>272</u>	<u>415</u>	<u>687</u>	<u>730</u>
Of which:				
Due within one year	167	56	223	223
Due greater than one year	105	359	464	507
	<u>272</u>	<u>415</u>	<u>687</u>	<u>730</u>

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

20 Financial instruments

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

- Liquidity risk
- Credit risk
- Market risk

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

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

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

Fair values

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

Liquidity risk

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

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

Credit risk

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

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

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

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

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

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

Market risk

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

Foreign exchange risk

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

21 Related party transactions

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

Related party transactions in respect of Creative Scotland's National Lottery Distribution Fund are detailed in the Fund's financial statements for the year ended 31 March 2021. During the year, Creative Scotland

invoiced the National Lottery Distribution Fund for £1.9 million in respect of recharges for the year for staff, overhead and related costs (see Note 6).

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

Shorestage Limited (SC616389) is a company controlled by Creative Scotland. The directors for the company are the Chief Executive and the Director of Finance and Funding Operations. During the year, Creative Scotland provided the company with a grant of £1,220,000 (2019/20: £400,000) for the purposes of developing a film studio at 31 Bath Road, Leith in Edinburgh. The grant was drawn down in full, with an intragroup balance of £324,000 from Shorestage Limited to Creative Scotland as at 31 March 2021.

The following related party transactions were incurred during 2020/21 in relation to board members of Creative Scotland.

Board member	Related party	Awards made 2020/21
Elizabeth Partyka	STV plc (Shareholding)	£460,000 Broadcast content fund £13,820 BBC Partnership
David Strachan	Dunedin Consort Trust (Director)	£100,000 Regular Funding
David Strachan	Tern Television (Director)	£98,000 Broadcast content fund (2 awards) £2,500 BBC Partnership
Duncan Cockburn	Aberdeen Performing Arts (Director)	£333,500 Regular Funding £750,000 Performing Arts Venue Relief Fund £1,400,000 Additional COVID support £30,000 Youth Arts Access Fund

22 Subsidiary undertakings

Screen Scotland Limited (SC616389) was incorporated on 17 December 2018 and was renamed Shorestage Limited on 1 September 2020.

Creative Scotland has invested £1 in ordinary share capital in the company as at 31 March 2021. Related party disclosures are disclosed in Note 21.

23 Contingent Liabilities

The valuation of defined benefit and unfunded liabilities at 31 March 2021, as disclosed in Note 18 does not include an allowance for a potential 'past service cost' in light of the recent judgement by the Supreme Court of the United Kingdom on Guaranteed Minimum Pension (GMP) equalisation. The ruling requires pension schemes, such as the Strathclyde Pension Fund, to equalise the effect of unequal GMPs accrued between May 1990 and April 1997 by virtue of them having been paid to scheme members at different ages (65 for men, 60 for women). In acknowledging that no definitive method for equalisation has been set and given actuarial advice that the trigger for recognition of the past service cost did not exist in the Strathclyde Pension Fund at 31 March 2021, Creative Scotland is unable to reliably quantify an associated contingent liability.

Accounts Direction



**CREATIVE SCOTLAND
DIRECTION BY THE SCOTTISH MINISTERS**

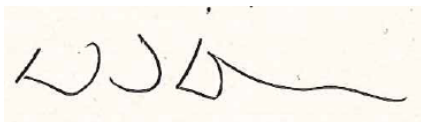
The Scottish Ministers, in pursuance of section 13(1) of Schedule 9 of the Public Services Reform (Scotland) Act 2010 hereby give the following direction.

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

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

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

Signed by the authority of the Scottish Ministers



Dated

25 Jan. 2012