

ALBA | CHRUTHACHAIL

Creative Scotland

Group Annual Report and Accounts

For the year ended 31 March 2024

SG/2024/292

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Performance Report

Joint Report by the Chair and the Chief Executive

The financial year 2023/24 was another year in which Creative Scotland (incorporating Screen Scotland) continued to make a vitally important contribution to supporting Scotland's world-renowned culture and creativity, which, in turn, delivers value for Scotland's people and communities in terms of health and wellbeing, local and national economies, and improving all our lives.

In 2023/24, Creative Scotland made 1,500 funding awards through our existing funding programmes totalling £88.3 million in value. A detailed breakdown of our funding is shown on page 8. This included the continued provision of Regular Funding to 120 organisations; the continued availability of Open Funding for Individuals and Organisations; support for Scotland's screen sector, youth arts and the Youth Music Initiative.

Nevertheless, the year from April 2023 to March 2024 was not without its challenges due to the difficult economic environment. The cost-of-living crisis, driven by high inflation, increased interest rates and fuel costs rises resulted in the culture and creative sector, and audiences, being put under significant financial pressure. This slowed the sector's recovery from the impacts of the COVID-19 pandemic, where cultural organisations were amongst the first to close and last to open. In this context, the funding delivered by Creative Scotland, provided by the Scottish Government and the National Lottery, continued to be a vital lifeline to cultural and creative organisations and individual artists and creative practitioners.

Alongside this, in 2023/24, Creative Scotland experienced challenges to its grant-in-aid funding from Scottish Government with a significant budget reduction during the year which required immediate Board action to prevent this cut being passed on to the culture and creative sector.

More specifically, highlights of the 2023/24 financial year, include:

Open Funds, supported primarily by National Lottery budgets, continued to support a broad range of cultural and creative practice across Scotland, delivered by individual artists and cultural organisations. We experienced an 22% increase in Open Fund applications from 2022/23 with financial requests increasing by 20%, and this high demand is continuing, against static budgets, which means that success rates for applicants continue to fall.

We also successfully delivered the Extended Programme Fund which provided opportunity for non-profit organisations to get longer term support than is currently available through the National Lottery Open Fund for Organisations, during a period when they may also be making an application to Creative Scotland's Multi-Year Funding Programme.

Scotland's Screen sector has seen a busy year with a significant amount of activity across film and broadcast content. Production costs have increased significantly due to inflationary pressures therefore the support provided by Screen Scotland has been extremely important in delivering the economic benefits from incoming productions.

In March 2024 the [Screen Scotland Strategy to 2030/31](#) was launched with the Cabinet Secretary for Culture, setting out ambitious plans for the continued economic and creative growth of Scotland's film and TV sectors across the next six years. It seeks to further develop Scotland as a centre of global production, and a nation with its own vibrant, confident film and screen culture. An economic growth target of £1 billion Gross Value Added (GVA) within the Scottish economy is matched with an ambition to see that growth

driven by new work from Scotland, devised, developed and produced by Scottish talent, sustaining rewarding and creative jobs across the country, at all career levels.

As described in our [2023/24 Annual Plan](#), we continue to focus on our 4 strategic priorities of equalities diversity and inclusion (EDI), environmental sustainability, fair work and international and these have all been more firmly embedded into our funding programmes and the accompanying criteria for award.

We have an external EDI Advisory Group, which met during the year to inform, support and develop our current and future Equalities Outcomes. We also continue to work with our Regularly Funded organisations on the delivery of their EDI plans to broaden the range of creative work for both artists and audiences and continue to mainstream this within all of our funding programmes.

In terms of Environmental Sustainability we continue to deliver against our [Climate Emergency and Sustainability Plan](#) launched in 2022 and, in 2023/24, we published an [Environmental Sustainability Review](#) demonstrating progress against the plan the contribution we make to achieving the targets within the Climate Change (Scotland) Act.

In 2023/24 we introduced compliance with Fair Work First principles as a condition for all organisations receiving awards from Scottish Government, including a commitment for all funded organisations to pay the real living wage.

In terms of our international work, we hosted the public cultural bodies of the Nordic and Baltic states in Glasgow in January 2024. We also delivered the Momentum international delegate programme during the Edinburgh Festivals in association with British Council Scotland. Screen Scotland continued to promote the work of the Scottish Screen sector internationally at film festivals around the world, while simultaneously attracting major film and TV productions to film in Scotland through the work of our Screen Commission team.

Although not impacting the finances of 2023/24 there has been enormous amount of work undertaken on the Multi-Year Funding Programme which will deliver funding from April 2025. We ran an expression of interest and stage one application process during the year. A total of 361 applications requesting £96 million of annual funding were received at stage one and 285 applications were successfully progressed to Stage 2. Funding decisions are due to be announced in January 2025 following the Scottish Government publishing its 2024/25 draft budget in December 2024.

Across all our funding programmes, we continue to actively promote the work that artists and cultural and creative organisations produce, with the financial support we deliver. We do this across all our communications channels, particularly our digital channels, and through proactive media engagement and engagement with other stakeholders. We also proactively advocate for continued and increased support for culture and creativity in all its forms, through our communications and engagement with the culture and creative sector, with politicians, and with the public.

Despite the economic challenges experienced by everyone in 2023/24, challenges which remain, the importance of culture and creativity remains central to life in Scotland, and to our national reputation worldwide. Creative Scotland continues to do everything in our power to ensure that this continues.



Chair



Chief Executive

Performance Overview

Structure, Governance and Management

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

Funding is received from both the Scottish Government and the National Lottery. A separate National Lottery Distribution Fund Annual Report and Accounts is produced for the activities undertaken as a Lottery Distributor under the National Lottery etc. Act 1993. A summary of the consolidated financial position of Creative Scotland is included at page 6.

Strategic priorities

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

Creative Scotland's Objectives:

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

This will be done by Creative Scotland:

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

Creative Scotland will prioritise:

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

Going concern

At 31 March 2024, Creative Scotland had net assets of £2.7 million (2023: £1.9 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.

Separate risk registers are in place for: Arts, Communities and Inclusion; Screen Scotland; Creative Industries and Operations. In addition, risk registers are maintained for key projects including Digital and Multi Year Funding.

The main risks identified for Creative Scotland as at 31 March 2024 are:

Risk identified	Mitigation of risk
<p>Scottish Government Funding</p> <p>There is a risk that the commitment to an additional £100 million of extra funding for culture is downsized or withdrawn, resulting in increased challenges to the Multi Year Funding decision making process and increased prospect of creative and cultural business failures with attendant loss of jobs, cultural provision, fewer audiences and wider decline of cultural, social and economic benefits, and damage to Scotland's wider international cultural reputation.</p>	<p>Funding is discussed in regular meetings with the Scottish Government and the Scottish Parliament's culture committee.</p> <p>Governance arrangements are in place for budget management and financial reporting to ensure the board and management have access to up-to-date modelling and scenario planning. A Financial Planning Framework is being developed for presentation to the Board in 2024/25.</p> <p>Advocacy activity on the importance of funding culture in Scotland.</p> <p>Detailed risk registers are now maintained for the key directorates of Screen Scotland and Arts, Communities, and Inclusion.</p>
<p>Delays in the funding settlement from the Scottish Government</p> <p>The Scottish Government may delay or reduce in-year, the allocation of grant-in-aid resulting in a reduction in cultural activity, job losses and a poorer quality of life for people living in Scotland.</p>	<p>Funding is discussed in regular meetings with the Scottish Government and the Scottish Parliament's culture committee.</p> <p>Regular review of budget outturn via the monthly management accounts, review of outputs from the operational planning app, and a mid-year review process to review and re-allocate funding as required.</p> <p>The Board will consider any reductions and impacts on the delivery of key strategic priorities.</p>
<p>Multi-Year Funding Programme Delivery</p> <p>The funding process is not delivered effectively which, linked with Scottish Government funding uncertainty, results in</p>	<p>A clear governance framework at executive and Board level throughout the design and delivery stages.</p> <p>Internal audit reviews at key stages during design and delivery.</p>

Risk identified	Mitigation of risk
poorer outcomes for applicants and Culture in Scotland.	Significant external communications activity and detailed guidance and support available for applicants.
Cyber Security There is a risk that a successful cyber attack is launched against Creative Scotland, resulting in impacts that affect the operation of the organisation.	A digital risk register is in place which details number of procedures and controls are in place to reduce the risk of cyber security failures in all our systems. A cyber security training programme for staff is ongoing. Actions to improve systems were undertaken in 2023/24 to reduce cyber risks.
Local Authority Funding Reductions in local authority cultural funding negatively impact Creative Scotland strategic outcomes.	Creative Scotland maintains relationships with local authorities through its Place, Partnerships and Communities team. Place partnership funding programme maintains a direct funding relationship between Creative Scotland and key partners in local authority areas.

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. 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 2024. 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

	2023/24				2022/23			
	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	-	(32,171)	-	(32,171)	-	(32,104)	-	(32,104)
Project income from third parties	(522)	(566)	-	(1,088)	(845)	(200)	-	(1,045)
Other income	(5,767)	(413)	4,510	(1,670)	(4,417)	(308)	3,925	(800)
Sales revenue	(422)	-	-	(422)	(437)	-	-	(437)
Total income	(6,711)	(33,150)	4,510	(35,351)	(5,699)	(32,612)	3,925	(34,386)
Expenditure								
Net grants issued ⁴	49,298	37,396	-	86,694	51,878	31,008	-	82,886
Project expenses	603	688	-	1,291	1,073	360	-	1,433
Salaries	8,285	3,333	(3,324)	8,294	8,260	2,935	(2,930)	8,265
Depreciation	525	-	-	525	524	-	-	524
Other operating costs	3,675	1,636	(1,186)	4,125	4,510	1,406	(995)	4,921
Pension adjustments	7	-	-	7	9	-	-	9
Corporation tax	9	-	-	9	-	-	-	-
Total expenditure	62,402	43,053	(4,510)	100,945	66,254	35,709	(3,925)	98,038
Net expenditure/(surplus)	55,691	9,903	-	65,594	60,555	3,097	-	63,652

Consolidated changes in Taxpayer's Equity

	CS £'000	CS NLDF £'000	Intra £'000	Total £'000
Opening Reserves as at 1 April 2022	(2,752)	(24,060)	-	(26,812)
Changes in taxpayers' equity 2022/23				
Net expenditure/surplus transferred	60,555	3,097	-	63,652
Grant-in-aid received from the Scottish Government ⁵	(59,162)	-	-	(59,162)
Actuarial (gain)/loss on the Strathclyde Pension Fund	111	-	-	111
Movement in Capital Grant	30	-	-	30
Closing Reserves as at 31 March 2023	(1,218)	(20,963)	-	(22,181)
Changes in taxpayers' equity 2023/24				
Net expenditure/surplus transferred	55,691	9,903	-	65,594
Grant-in-aid received from the Scottish Government ⁵	(55,732)	-	-	(55,732)
Actuarial (gain)/loss on the Strathclyde Pension Fund	(1,023)	-	-	(1,023)
Movement in Capital Grant	29	-	-	29
Closing Reserves as at 31 March 2024	(2,253)	(11,060)	-	(13,313)

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 £13.3 million, of which £11.1 million relating to the CS NLDF is available for the Board to allocate to future expenditure. The reserves of Creative Scotland are not available for distribution under HM Treasury's budgeting rules for public bodies. Pension assets and liabilities are held within Creative Scotland accounts are not attributable to the CS NLDF. This is because the Scottish Government provides budget cover for any pension liabilities that require provisions and for costs incurred under IAS 19, *Retirement Benefits*.

Review of funding

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

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

Funding includes the following items:

1. Distribution of grants under the three funding routes
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:

	2023/24			2022/23		
	CS £'000	CS NLDF £'000	TOTAL £'000	CS £'000	CS NLDF £'000	TOTAL £'000
Grants						
Regular Funding	26,110	6,600	32,710	33,381	-	33,381
Open Project Funding	425	16,274	16,699	648	15,041	15,689
Touring Fund	-	1,988	1,988	-	1,978	1,978
Targeted Funding	23,916	12,912	36,828	20,704	14,871	35,575
COVID Emergency Funding	-	-	-	2	-	2
Total grants distributed	50,451	37,774	88,225	54,735	31,890	86,625
Project expenses	603	688	1,288	1,073	360	1,433
Total funding	51,055	38,462	89,516	55,808	32,250	88,058

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 Notes 8 and 9 and for CS NLDF grants in Note 5 of the CS NLDF Annual Report and Accounts.

Regular Funding

Regular Funding seeks to ensure Scotland has a wide range of arts and creative organisations through which artists and creative people can deepen and deliver their work, their engagement with the public, and their professional networks. Regular funding is one of the key means by which Creative Scotland's strategic priorities will be addressed.

The original third year of regular funding for the three-year period from April 2018 to March 2021 was for a total of £101.6 million to 121 organisations across 10 artforms. The contracts were all extended in 2021/22, 2022/23 and 2023/24 on the basis of a straight third allocation of the initial 3 year total. During 2023/24, £32.7 million was allocated to the portfolio of which £26.1million was funded from grant-in-aid and £6.6 million from National Lottery funds.

Artform	Number of organisations	Total award (£)
Craft	4	745,194
Creative Industries *	4	447,011
Dance	9	1,573,349
Digital	1	90,333
Literature	8	2,322,753
Multi-Art	21	10,145,336
Music	19	3,808,334
Screen	4	956,937
Theatre	28	8,482,586
Visual Arts	23	4,128,001
Total	121	32,699,834

In July 2023, one Creative Industries organisation, North Lands Creative Glass, entered administration and was subsequently wound up. The table above shows the balance paid before it entered administration.

In September 2022 one screen organisation, the Centre for Moving Image (CMI), entered administration and was wound up. The award value (£1.066 million) is ringfenced for future cinema provision and future Edinburgh International Film Festival activity and was distributed via Screen Scotland funding programmes.

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 closely monitors the output of work from the RFO portfolio, and monitors output across our strategic themes: Environment; Creative Learning and Young People; and Equalities and Diversity.

The final year of the portfolio will be 2024/25 and organisations will continue to receive an average of the total award received for 2018 to 2021. From 1 April 2025, the new multi-year funding programme will be in place.

Open Project Funding

Open project funding aims to support the arts, screen, and creative industries, with projects that explore, realise, and develop creative potential, widen access to their work, and enrich Scotland's reputation as a distinctive creative nation connected to the world. The fund is supported by both grant-in-aid and National Lottery. The open project fund is open to both individuals and organisations based in Scotland for awards up to £150,000 and the fund awards grants in two panel formats as follows:

Category	2023/24				2022/23			
	Apps received	Awards made	Value (£'000)	Success rate	Apps received	Awards made	Value (£'000)	Success rate
Individuals	1,395	463	6,140	33%	1,055	490	6,433	46%
Organisations	406	171	6,099	42%	419	218	9,256	52%
TOTAL	1,801	634	12,239	35%	1,474	708	15,689	48%

In total, £12.2 million of funding was awarded to 634 successful applications during 2023/24 for Individuals and Organisations. Of this, £0.4 million was funded from grant-in-aid and £11.8 million was funded from National Lottery. Success rates continued to decline in 2023/24, due to the large number of applications received, in particular for the Open Fund for Individuals. A separate fund for organisations, the National Lottery Extended Programme Fund, was launched in the year which is why the value of awards for the Open Fund for Organisations is lower than in 2022/23.

Successful applications over categories (2023/24 and 2022/23):

Categories	2023/24				2022/23			
	Apps. received	Funding requested (£'000)	Apps. Awarded	Awarded (£'000)	Apps. received	Funding requested (£'000)	Apps. Awarded	Awarded (£'000)
Arts & Health/Wellbeing	37	1,097	11	323	21	569	8	222
Children/Young People	19	396	4	113	8	79	2	18
Crafts	39	583	12	144	62	1,085	28	368
Creative Industries	-	-	-	-	1	66	1	55
Creative Learning	28	653	8	120	14	300	4	155
Dance	84	2,472	41	1,101	66	1,863	39	1,159
Design	20	351	2	83	20	499	9	207
Digital	32	677	4	40	42	847	9	150
EDI	16	644	5	212	6	354	2	81
Gaelic Culture	3	56	1	19	-	-	-	-
Gaelic Language	1	1	-	-	-	-	-	-
Interdisciplinary	56	1,497	11	275	29	681	18	358
Literature	148	1,985	51	833	150	2,470	76	1,348
Multi	77	3,415	29	1,224	51	2,777	33	1,808
Music	521	8,430	210	3,233	418	7,854	229	4,249
Other	53	1,229	20	380	6	115	1	2
Place and Communities	25	959	6	134	12	472	5	225
Scots	1	18	-	-	0	0	0	0
Socially Eng. Practice	6	325	4	185	-	-	-	-
Theatre	254	6,843	87	1,846	233	5,694	104	2,663
Traditional Arts	20	226	7	64	6	75	2	13
Visual Arts	361	6,529	121	1,911	329	6,247	138	2,607
Grand Total	1801	38,384	634	12,239	1,474	32,046	708	15,689

Targeted Funding

The main targeted programmes that were supported from grant-in-aid during 2023/24 are listed below:

1. Youth Music Initiative (YMI) and Youth Arts

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

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

YMI Strand	Funding provided £'000	Details
Formula Fund (2022/23 and 2023/24 academic years)	7,180	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	1,477	To create access to high-quality music-making opportunities for children and young people aged 0-25 years
Strengthening Youth Music	37	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
Development	77	To support the development of the diversity of the youth music making sector within Scotland. This fund has a focus on supporting genres and forms of music making currently underrepresented within the YMI portfolio.
Youth Arts Open Fund	500	To support organisations seeking small amounts of funding so that they can deliver creative activity to young people –primarily those young people who have traditionally found it hardest to access such creative opportunities.
Overheads and other expenses	217	Contribution to Creative Scotland’s overheads (£200,000), Youth Arts Fund administration, and other project expenses for evaluation, advocacy, and learning.

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 (Years 1 to 5 only):

Festival	Year 6 (£)	Year 5 (£)	Year 4 (£)	Years 1-3 (£)
Edinburgh International Festival	75,000	400,000	400,000	1,200,000
Edinburgh Art Festival	50,000	215,000	215,000	645,000
Edinburgh Jazz and Blues Festival	75,000	211,830	211,830	635,489
Edinburgh International Book Festival	53,450	195,000	195,000	585,000
Edinburgh International Children's Festival	75,000	178,201	178,201	534,602
Edinburgh International Science Festival	60,000	177,333	177,333	532,000
Edinburgh Festival Fringe Society	75,000	166,667	166,667	500,000
Edinburgh's Hogmanay	-	133,333	133,333	400,000
Edinburgh International Film Festival*	227,891	124,549	124,549	373,647
Scottish International Storytelling Festival	75,000	100,000	100,000	300,000
Edinburgh Festivals	19,946	65,667	65,667	197,000

2023/24 was the final year of the programme and £633,396 was awarded from the Scottish Government grant-in-aid, and also included the funding for the Edinburgh International Film Festival of £155,000 which was delayed from Year 5 to Year 6 due to the administration of the Centre for the Moving Image, which was the company that organised the festival.

3. Expo Fund

Creative Scotland distributed £1.8 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 2023/24:

Festival	2023/24 Funding £
Celtic Connections	101,000
Edinburgh Art Festival	130,000
Edinburgh Festival Fringe Society	550,000
Edinburgh International Book Festival	85,000
Edinburgh International Festival	100,000
Edinburgh International Film Festival	59,000
Edinburgh Jazz & Blues Festival	100,000
Edinburgh Science Festival	120,000
Glasgow International Festival	75,000
Edinburgh's Hogmanay	130,000
Imagine – Edinburgh International Children's Festival	130,000
Scottish International Story Festival	120,000
Glasgow Film Festival	50,000
Sonica	50,000

The Glasgow Film Festival (organised by the Glasgow Film Theatre) and Sonica (a biennial visual art and sonic festival) were new festivals added to the Expo Fund during 2023/24, recognising their distinct international profile.

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 2023/24, Creative Scotland received £7.25 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 in £'000	spend 2023/24	Details
Broadcast Fund	Content		2,296	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		1,000	The Production Growth Fund aims to help grow Scotland's screen production sector, creating employment opportunities for Scottish crews, encouraging the use of production facilities, providing significant opportunities for the professional development of producers based in Scotland, and delivering a direct and significant economic benefit to Scotland. The Funding helps in attracting large scale productions into the country, and maximising screen spend in Scotland.
Screen Commission			300	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.

Screen Strand	Scotland	Grant-in-aid in £'000	spend 2023/24	Details
Infrastructure			209	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			447	A fund to develop further strategic partnerships with content commissioners such as the BBC and Channel 4.
Skills			2,472	The skills programmes provide funding for Improving employment opportunities in the sector through increased and co-ordinated opportunities for work-based learning, training, and development.
Audience Development			1,380	The audience development fund provides funding for distribution and exhibition, and for film festivals.
Talent			586	Supporting the development of new, emerging, and established talent.
RFO Cinema			1,190	The Creative Scotland Board approved a ringfenced fund be available to support activity previously delivered by the Centre for Moving Image- namely the Edinburgh Film Festival and cinema provision previously provided by that organisation.

5. Culture Collective Fund

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

In 2023/24, £894,000 of funding was allocated to the existing cohort of 25 organisations, to support the final stages of their programmes, and enable them to embed the Culture Collective approach within their core work. In addition, 3 grants totalling £209,000 were awarded to three new organisations to address identified gaps in the network and community representation.

The [Culture Collective website](#) provides further details of the projects funded from the Fund.

Operations

Multi-Year Funding

During 2023/24, Creative Scotland launched its Multi Year Funding programme for applications. The application process is run over 2 stages, with the first stage assessing how application's plans meet the fund criteria and the second stage being a more detailed review of the applicant's business plan and budget.

The Fund will replace a number of existing Creative Scotland funding programmes including RFO, Open Fund for Organisations, Touring Fund and some other targeted funding routes.

An intention to apply stage opened on 26 July 2023 for applicants to indicate both their intention to apply and also the amount of funding they intended to apply for. This stage was necessary in order to proceed to the full application stage. Over 500 intentions to apply were received, with a request of annual funding exceeding £113 million.

The first stage opened to applications on 6 September 2023 and closed on 25 October 2023, with details on the outcomes noted below:

	Applications	Annual Funding Request
Applications received	361	£96 million
Successful for progression to stage two	285	£87.4 million
Not successful or withdrawn	76	£8.6 million

The second stage opened on 6 March 2024 and closed on 24 April 2024 with decisions due by to be made in January 2025 following the Scottish Government publishing its 2025/26 budget in December 2024.

Fair work

Creative Scotland is committed to a strategic priority of Fair Work, which means promoting fair pay, conditions, and employment opportunities across the creative sector. The aim of Fair Work is to see progressive workplace policies which:

- improve productivity and innovation
- promote greater workplace democracy
- deliver opportunities and best practice
- see adoption of the Real Living Wage and fair remuneration through its implementation

During 2023/24, fair work principles were incorporated into the funding application process for all awards funded through grant-in-aid sources. This process ensures all funding recipients agree to comply with fair work practices including: agreeing to pay the Real Living Wage, ensuring an effective voice for workers is in place, and also ensuring that no zero hours contracts are in place.

Subsidiary company

Creative Scotland's wholly owned subsidiary company, Shorestage Limited continued to operate, a long-term lease with Forth Ports and a sublease with the operator, First Stage Studios for the film and TV studio in Leith, Edinburgh.

The results of Shorestage Limited are consolidated into the group accounts of Creative Scotland. The Company reported a profit for the financial year due to revaluation of the sublease and grants received from Creative Scotland for the initial lease costs.

Future Plans and performance

Introduction

Future plans and performance will be focused on the 4 strategic priorities, while noting the continuing uncertainty over funding for Creative Scotland in future years. The Multi Year Funding Programme will conclude in October 2024 when the stage 2 application process is completed, although decisions will not be finalised until January 2025 following the Scottish Government's budget for 2025/26, which is due to be presented to the Scottish Parliament in December 2024. A transition fund will be made available for those organisations that currently receive RFO funding but are not successful in Multi Year.

Revised performance management arrangements

A refreshed set of corporate Key Performance Indicators (KPIs) has been agreed with the Scottish Government, bringing these into line with our revised Strategic Framework. These indicators are underpinned by a revised Monitoring and Evaluation Framework that will direct data collection from funded organisations and the sourcing of third-party statistics where require. Performance in 2024/25 will be monitored against 12 KPIs.

Digital Development

The digital change programme will continue in 2024/25, with key projects in place to support ongoing development and digitisation of funding processes. The end of project monitoring process has moved to a digital form from July 2024, and other key initiatives to integrate systems will continue. A Digital Strategy will also be presented to the Board for approval to continue on the organisation on the road to digital transformation.

Further details can be found in the [2024/25 Annual Plan](#).

Performance Analysis

Introduction

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

Creative Scotland produced an annual plan for 2023/24 which set out the strategic objectives for the year, alongside priorities. The performance management framework sets out 12 key performance indicators for measuring performance at Creative Scotland.

An Annual Review for 2023/24 will be published providing an overview of the activities during the year and performance against the 12 key performance indicators. In the Performance Analysis presented here, relevant data has been collected to report on:

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

Financial performance

The financial statements for 2023/24 have been prepared under an Accounts Direction, on the last page of this document, issued by the Scottish Ministers to meet the accounting and disclosure requirements of applicable accounting standards so far as these requirements are appropriate and comply with the Government Financial Reporting Manual (FRoM).

The budget is approved by the Board and actual out-turn (adjusted for intra-group transactions) is shown below.

Creative Scotland - Results for the year ending 31 March 2024 versus Budget

	<u>Actual</u> £'000	<u>Intra</u> £'000	<u>Revised</u> £'000	<u>Budget</u> £'000	<u>Variance</u> £'000
Income					
Project income	(522)		(522)	(367)	155
Other income	(5,767)	4,510	(1,257)	(362)	895
Expenditure					
Grants awards and investments	50,451		50,451		
Project Expenditure	603		603		
Less de-committed awards	(1,003)		(1,003)		
Total net grants and project expenses	50,051		50,051	49,249	(802)
Staff costs	8,285	(3,324)	4,961	5,010	49
Other operating expenditure	3,394	(1,186)	2,208	2,527	319
Depreciation	525		525	525	0
Net expenditure	55,966	0	55,968	56,582	616

The surplus for the year over budget is due to cash items for lease transactions and settlement of provisions which are not included in the Group Statement of Comprehensive Net Expenditure.

A note of the net expenditure reconciled to the cash grant-in-aid drawn down is shown in Note 3.

Annual Statistical Survey

All organisations in receipt of regular funding are required to complete the Annual Statistical Survey to provide data on a number of metrics across audiences, youth employment and financial income from other sources. This data generates shared intelligence about the organisations supported by Creative Scotland through regular funding and is used to advocate on behalf of the arts, screen and creative industries. Analysis of the Annual Statistical Surveys received in 2024 (reflecting activity for the year 2023/24) shows the following outturns for Creative Scotland's performance indicators.

Target	Performance Indicator	Outturn for 2023/24	Outturn for 2022/23
Maintain the breadth of organisations supported through Creative Scotland Regular Funding	The count of organisations in receipt of Creative Scotland Regular Funding and value of funding by type of organisation, core activity, primary art form and geographic location	120 organisations received multi-year Regular Funding in 2023/24. 1 organisation left the portfolio when it entered administration and was dissolved. £1,066,000 was ringfenced for cultural cinema provision and the Edinburgh International Film Festival.	121 organisations received multi-year Regular Funding in 2022/23, although one organisation left the portfolio when it entered administration and was dissolved.
Increase in number of events supported through Creative Scotland funding	The count of performances, exhibitions, screenings and publications delivered through Creative Scotland funding	33,721 public events	37,622 public events
Improve youth employment opportunities in Creative Scotland funded organisations	The count of young people employed by Creative Scotland funded organisations through youth employment initiatives and type of employment	159 young people	133 young people
Broaden range of income streams across the sector	The count, value and type of income streams of Regularly Funded Organisations, including earned income and voluntary giving.	£114.7 million	£118.9 million, .

Overall the Annual Statistical Survey shows the recovery in the cultural sector as organisations are able to revive their projects and programmes of activities involving performances and exhibitions. This in turn has improved a key metric on youth employment. However, the Survey also shows the precarious financial position of the cultural sector in Scotland, as funding remains relatively static, while inflation and costs are at a 40 year high.

Further details on the performance of Regularly Funded Organisations will be reported in the Annual Review.

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 2023/24	Outturn for 2022/23
Minimum of 90% of funding applications processed within published timeframe	% of applications processed within agreed timeframe	90%	94%
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	82%	98.6%

KPI performance in relation to payments has declined below the 90% target for 2023/24. This is due to additional due diligence required on bank account checks, and an increase in special conditions which need to be approved before payment can be released.

Environmental Sustainability

The Climate Change (Emissions Reduction Targets) (Scotland) Act 2019, which amends the Climate Change (Scotland) Act 2009, sets targets to reduce Scotland's emissions of all greenhouse gases to net-zero by 2045 at the latest, with interim targets for reductions of at least 56% by 2020, 75% by 2030, 90% by 2040. Creative Scotland's [Climate Emergency and Sustainability Plan](#) confirms an organisational target to achieve net-zero by 2030.

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

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

In 2023/24, an [Environmental Sustainability Review](#) was published which reviewed the progress made against the Plan's action points. The Review showed that Creative Scotland had completed or made progress on over 60% of the plan's actions. These include:

- Appointment of a Climate Emergency and Sustainability Lead
- Define the boundaries of Creative Scotland's own emissions and plan for collecting additional information on energy use, commuting and procurement.

- Collection of data for 2022/23 for organisational emissions (see below)
- Development of new policies covering business travel to be launched in 2024/25
- Developing policies on funding in relation to the Climate Emergency including policies on the use of offsetting
- Continuing to work with Creative Carbon Scotland to support arts, screen, and creative industries to develop and report on greenhouse gas emissions, mitigation, and adaptation action. This includes the mandatory reporting of Regular Funded Organisations (RFO) and self-motivated individuals and organisations not currently in receipt of RFO funding.

Monitoring of GHG emissions in tonnes of CO₂ for 2 key areas for our operations for 2023/24 and 2022/23 were undertaken, with key results shown in the table below:

Scope	2023/24 GHG (tCO₂e)	2022/23 GHG (tCO₂e)	Variance
1 – Mains Gas Consumption	62.9	69.6	(6.7)%
2 – Grid Electricity Use	13.0	9.3	3.7%
3 – Water, Home Working, Overnight Stays, Waste, Grid Electricity Transmission and Distribution Losses, Business Travel	127.9	144.5	(16.6)%

Scope 3 reductions relate to a change in methodology for collecting data on homeworking, as more accurate data is available from staff surveys, whereas 2022/23 was based on estimates and assumptions.

Equalities, Diversity and Inclusion (EDI)

Creative Scotland is committed to ensuring people of all ages and from different types of communities throughout the country can have deep and meaningful engagement with the arts, screen and creative industries. The following activities took place in 2023/24 to help achieve this:

- The EDI Advisory Group met during the year 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.

EDI is also a key theme for reporting from Regularly Funded Organisations (RFOs) and each RFO is required to complete an EDI Action Plan, which is specific and responsive to the challenges and characteristics of each organisation. RFOs reported a diverse range of programming and outreach activities. They have supported inclusivity through programming and targeting work for a range of groups in society as noted below from the Annual Statistical Returns for 2023/24:

<i>Has your work had a specific focus on any the following groups?</i>	Through programming	Through targeted engagement or outreach work	Through marketing or audience development
Older People (65+)	51%	52%	48%
Children and Young People (0 - 25)	86%	89%	85%
D/deaf and disabled people and people with learning disabilities	74%	77%	70%
People who are neurodivergent	65%	70%	55%
People experiencing poor health and/or mental health	64%	66%	49%
People from a specific gender group	40%	40%	31%
People who have changed gender	36%	27%	21%
Black, Asian or minority ethnic groups	64%	57%	48%
People of faith/religion	11%	8%	4%
LGBTQIA+ people	61%	48%	40%
People coming from disadvantaged socio-economic background	74%	83%	70%
Care experienced children and young people	30%	48%	24%
People who are unpaid carers	22%	39%	28%
People engaging or working with Gaelic language or culture	37%	28%	26%
People engaging or working with Scots language or culture	32%	20%	21%
People who use BSL	53%	38%	42%
People who do not use English as a primary language	44%	36%	26%
Displaced people including refugees and asylum seekers	41%	47%	40%
People who live in geographic locations which may limit opportunities for engagement	78%	80%	72%

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 2024, 74% of invoices were paid within ten days (2023: 71%), with an average payment date of 10.2 days (2022: 9.8).

Iain Munro *Iain Munro*
Chief Executive and Accountable Officer
 29 November 2024

Accountability Report

Corporate Governance Report

Director's Report

Creative Scotland Board

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

Name	Date of appointment	Term	End of current term	Attendance
Robert Wilson (Chair)	10 February 2018	2nd	9 February 2026	7/7
David Brew	1 August 2015	2nd	31 July 2023	2/2
Elizabeth Partyka	1 August 2018	2nd	31 July 2026	6/7
David Strachan	1 August 2018	2nd	31 July 2026	6/7
Duncan Cockburn	16 September 2019	2nd	15 September 2027	6/7
Philip Long	16 September 2019	2nd	15 September 2027	6/7
Stephanie Fraser	16 September 2019	2nd	15 September 2027	7/7
Sarah Munro	16 September 2019	1st	15 September 2023	2/2
Malath Abbas	1 April 2021	1st	31 March 2025	7/7
Yahya Barry	1 April 2021	1st	31 March 2025	7/7
Carol Main	1 April 2021	1st	31 March 2025	7/7
Muslim Alim	1 August 2023	1st	31 July 2027	5/5
Patrick Brown	1 August 2023	1st	31 July 2027	3/5
Norah Campbell	1 August 2023	1st	31 July 2027	4/5
Heather Stewart	1 August 2023	1st	31 July 2027	5/5
Louise Wilson	1 August 2023	1st	31 July 2027	5/5

The terms of David Brew and Sarah Munro ended during the year and five new board members were appointed with effect from 1 August 2023: Muslim Alim, Patrick Brown, Norah Campbell, Heather Stewart, and Louise Wilson.

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

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

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

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

Subcommittees of the Board

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

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

Audit and Risk Committee

The Audit and Risk Committee was chaired by David Brew until the end of his term as Board Member and thereafter he served as Chair for an additional meeting until a new Chair was appointed, Patrick Brown. The Committee's 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 2023/24:

Membership	Meetings attended
David Brew (Chair for 2 meetings)	2/2
Patrick Brown (Chair for 2 meetings)	2/2
Duncan Cockburn	2/4
Philip Long	3/4
Yahya Barry	3/4
Carol Main	4/4

During the year, the Committee reviewed:

- The 2022/23 Annual Reports and Accounts of the Creative Scotland Group and its subsidiary, Shorestage Limited and the Creative Scotland National Lottery Distribution Fund;
- Outputs of the internal and external auditors, including annual plans and reports;
- The data protection annual report for 2022/23 and regular updates;
- Delegated authority and budget control guidelines;
- Risk registers and the risk management policy.

Finance and General Purposes Committee

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

The following members of the Board served on the Finance and General Purposes Committee during 2023/24:

Membership	Meetings attended
Elizabeth Partyka (Chair)	6/6
Stephanie Fraser	6/6
Malath Abass	4/6
Patrick Brown (non-board member)*	3/3
David Strachan	6/6
Norah Campbell	2/3
Louise Wilson	3/3

* Patrick Brown served on the Committee as a non-remunerated additional member prior to his appointment to the Creative Scotland Board on 1 August 2023.

During the year, the Committee reviewed:

- The 2023/24 budget, including allocations of grant-in-aid from the Scottish Government and National Lottery income projections;
- Management accounts showing outturn against budget for 2023/24;
- 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 Nominations Committee during 2023/24.

Screen Committee

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

The following members of the Board served on the Screen Committee during 2023/24:

Membership	Meetings attended
David Strachan (Chair)	6/6
Elizabeth Partyka	6/6
Malath Abbas	6/6
Muslim Alim (from 1 August 2023)	2/2
Heather Stewart (from 1 August 2023)	1/2

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 provides an annual report to the Audit and Risk Committee, and the report for 2023/24 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 2024, 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 2023/24 the Board met on 7 occasions all of which were chaired by Robert Wilson. Minutes of these meetings are published on [Creative Scotland's website](#).

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

- The Multi-Year Funding Programme process and Stage One Application Process
- Approval of funding awards over £500,000;
- Addressing a reduction of £6.6 million in the grant-in-aid allocation for Regular Funded Organisations by approving a one-off utilisation of National Lottery reserves.
- approval of the 2024/25 budget;
- approval of the 2022/23 accounts for both Creative Scotland Group and the Creative Scotland National Lottery Distribution Fund;
- Review of the risk register;
- Appraisal and evaluation of board members and activities.

The Board received regular updates from the Audit & Risk, Finance & General Purposes and Screen committees, which were standing items at each full board meeting. Details of the committees and their work in the year are noted on pages 22-24.

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 2024 and up to the date of approval of the annual report and financial statements.

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

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

Internal audit is outsourced to an independent third-party organisation appointed by Creative Scotland. The current internal auditors, Azets, took over as Internal Auditor for a three-year appointment from 1 April 2022. External audit is provided by Audit Scotland.

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

The independent Internal Auditor's Annual Report dated June 2024 noted that Creative Scotland has a framework of governance, risk management and controls that provides reasonable assurance regarding the effective and efficient achievement of objectives, with the exception of financial planning arrangements. The main weakness noted was the lack of a Financial Planning Framework. The Creative Scotland Board approved the Financial Planning framework in July 2024 which is now in operation.

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 2024 and up to the signing of the financial statements, the organisation has continued its long-term strategic reviews, and plans for digitising the application process for key funding routes. The organisation will continue to develop its funding and strategy reviews during 2023/24 to improve corporate governance procedures.

Risk management

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

A corporate risk register is in place which sets out the key risks to be reviewed by the Board and the Audit and Risk Committee. Separate sub risk registers are maintained for Screen Scotland; the Arts, Communities, and Inclusion directorate; Strategy and Planning, Creative Industries, Multi-Year Funding and for Operations. Sub risk registers are reviewed by the Senior Leadership Team and the Executive Director of Operations on a regular basis. The corporate risk register is a standing item at each Audit and Risk Committee meeting and, in addition to ongoing reporting through the Audit and Risk Committee minutes, the Register is also presented annually in full to the Board.

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

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

Conclusion

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

Remuneration and staff report

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

Board*

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

Remuneration for the Chair is set at a level of £275 per day, however Mr Wilson has opted not to take remuneration for his term of appointment. The daily rate for board remuneration is set by Scottish Ministers and had been set for 2023/24 at a rate of £221.92 per day up to a maximum of £2,663 per year. Future pay increases are subject to the Scottish Government Public Sector Pay Policy and approval of the Chair.

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

	2023/24			2022/23		
Name	Board Fee £'000	Benefits in kind (to nearest £100)	Total £'000	Board Fee £'000	Benefits in kind (to nearest £100)	Total £'000
Robert Wilson (Chair)	-	-	-	-	-	-
David Brew (to 31 July 2023)	0-5	-	0-5	0-5	-	0-5
Elizabeth Partyka	0-5	1	0-5	0-5	1	0-5
David Strachan	0-5	-	0-5	0-5	3	0-5
Duncan Cockburn	0-5	8	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	-	0-5
Sarah Munro (to 15 Sept 2023)	0-5	1	0-5	0-5	-	0-5
Malath Abbas	0-5	1	0-5	0-5	1	0-5
Yahya Barry	0-5	-	0-5	0-5	-	0-5
Carol Main	0-5	-	0-5	0-5	-	0-5
Muslim Alim (from 1 August 2023)	0-5	-	0-5	-	-	-
Patrick Brown (from 1 August 2023)	0-5	2	0-5	-	-	-
Norah Campbell (from 1 August 2023)	0-5	-	0-5	-	-	-
Heather Stewart (from 1 August 2023)	0-5	14	0-5	-	-	-
Louise Wilson (from 1 August 2023)	0-5	9	0-5	-	-	-

Senior Leadership Team*

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

Remuneration of the Senior Leadership Team*

Name	2023/24				2022/23			
	Salary/ (Bonus) £'000	Benefits in kind (to nearest £100)	Pension Benefits £'000	Total £'000	Salary/ (Bonus) £'000	Benefits in kind (to nearest £100)	Pension Benefits £'000	Total £'000
Iain Munro ¹ Chief Executive	125-130 (0)	-	-30 to -35	95-100	125-130 (0)	-	-35 to -40	85-90
Isabel Davis Executive Director, Screen	105-110 (0)	-	20-25	130-135	100-105 (0)	-	15-20	120-125
Anne Langley Executive Director, Operations	100-105 (0)	-	25-30	125-130	65-70 ² (0)	-	15-20	80-85
Dana Macleod Executive Director, Arts, Communities and Inclusion	100-105 (0)	-	25-30	125-130	45-50 ³ (0)	-	10-15	60-65
Kenneth Fowler Director, Communications	85-90 (0)	-	15-20	100-105	80-85 (0)	-	5-10	85-90
Karen Lannigan Director, HR & Office Services	90-95 (0)	-	45-50	135-140	85-90 (0)	-	40-45	125-130
Ian Stevenson Director, Finance	85-90 (0)	-	15-20	100-105	80-85 (0)	-	0-5	85-90
Clive Gillman Director, Creative Industries	85-90 (0)	-	15-20	105-110	80-85 (0)	-	10-15	90-95
David Smith Director, Screen	85-90 (0)	-	20-25	105-110	80-85 (0)	-	15-20	100-105
Alastair Evans Director, Strategy	65-70 (0)	-	35-40	105-110	65-70 (0)	-	5-10	70-75
Paul Burns Interim Director, Arts	65-70 (0)	-	15-20	85-90	55-60 (0)	-	0-5	60-65

1. Pension benefits are negative due to a negative real increase in pension arising from the impacts of inflation.
2. Ms Langley's commenced employment on 25 July 2022. FTE Salary for 2022-23 was £95,000-100,000
3. Ms Macleod's commenced employment on 26 September 2022. FTE Salary for 2022-23 was £95,000-100,000

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 (2022/23- 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 2024 and 31 March 2023*:

Name	Accrued pension (lump sum) 31 March 2024 £'000	Accrued pension (lump sum) 31 March 2023 £'000	Real increase in pension (lump sum) £'000	CETV 31 March 2024 £'000	CETV 31 March 2023 £'000	Real increase / (decrease) in CETV £'000
Iain Munro	40-45 (130-135)	40-45 (125-130)	-2.5 to 0 (-5 to -2.5) ¹	506	470	(16)
Isabel Davis	5-10 (20-25)	5-10 (15-20)	0 to 2.5 (2.5 to 5)	71	53	8
Anne Langley	0-5 (10-15)	0-5 (0-5)	2.5 to 5 (10 to 12.5)	35	6	7
Dana Macleod	0-5 (5-10)	0-5 (0-5)	0 to 2.5 (2.5 to 5)	15	5	7
Kenneth Fowler	10-15 (40-45)	10-15 (35-40)	0 to 2.5 (2.5 to 5)	162	137	8
Karen Lannigan	25-30 (5-10)	20-25 (5-10)	2.5 to 5 (-2.5 to 0) ²	429	319	90
Ian Stevenson	15-20 (45-50)	10-15 (40-45)	0 to 2.5 (2.5 to 5)	178	153	7
Clive Gillman	5-10 (25-30)	5-10 (20-25)	0 to 2.5 (2.5 to 5)	161	131	13
David Smith	0-5 (10-15)	0-5 (10-15)	0 to 2.5 (2.5 to 5)	56	40	9
Alastair Evans	10-15 (30-35)	5-10 (20-25)	0 to 2.5 (5 to 7.5)	84	64	12
Paul Burns	0-5 (5-10)	0-5 (0-5)	0 to 2.5 (2.5 to 5)	22	13	6

1. Pension benefits are negative due to a negative real increase in pension arising from the impacts of inflation.
2. Negative due to the impacts of inflation

Pension scheme

Pension benefits are provided through the Arts Council Retirement Plan (1994) and the Strathclyde Pension Fund. The members of the Senior Leadership Team are members of the two schemes on the same basis as other employees.

Cash Equivalent Transfer Values

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

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

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

Real increase in CETV

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

Exit packages*

There were no exit packages arising from compulsory redundancy or other settlements in 2023/24 or 2022/23.

Fair pay disclosures*

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

	2023/24	2022/23
Banded remuneration of the highest paid director in Creative Scotland	£125,000 to £130,000	£125,000 to £130,000
% increase in remuneration of the highest paid director from 2022/23 to 2023/24	0%	
Median Remuneration of Creative Scotland staff	£41,911	£39,169
Ratio	3.04	3.26
The average percentage change in remuneration from the previous financial year in respect of the employees of the entity taken as a whole	5.5%	
25% percentile of Creative Scotland staff remuneration	£33,330	£30,750
Ratio	3.83	4.15
75% percentile of Creative Scotland staff remuneration	£49,362	£46,195
Ratio	2.58	2.76
Full range of staff remuneration (bands of £5,000)	£25,000 to £130,000	£20,000 to £130,000
Number of employees receiving remuneration in excess of the highest-paid director	0	0

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

The median pay ratio for the 2023-24 is consistent with the pay, reward, and progression policies. The median pay has increased from prior years following the pay awards implemented as of 1 April 2023 and 1 January 2024. The ratios between the remuneration of the highest paid director in the organisation and the median and 75th and 25th percentiles of remuneration of the organisation's workforce have fallen due to the pay award under the Public Sector Pay Policy for Senior Management being lower than the pay award awarded to the rest of the workforce.

Staff costs and numbers*

	2023/24	2023/24	2023/24	2023/24	2022/23
		Agency staff	Inward	Total	Total
	Employees		Secondees		
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Staff Costs	6,012	-	-	6,012	5,262
NI	600	-	-	600	570
Pension costs	1,316	-	-	1,316	1,327
Agency fees	-	298	-	298	306
Invoiced	-	-	105	105	36
Total	7,928	298	105	8,331	7,501
Average FTE by directorate					
Executive Office	6.0	-	-	6.0	6.3
Finance and Funding	21.4	0.5	0.5	22.4	19.1
Communications	15.7	-	-	15.7	14.2
HR & Office Services	6.4	0.1	-	6.5	6.8
Arts & Engagement	35.6	-	-	35.6	32.5
Screen Scotland	22.6	-	-	22.6	22.0
Creative Industries	7.0	-	-	7.0	6.9
Strategy	14.8	-	0.6	15.4	15.6
Digital Transformation	7.0	2.0	-	9.0	7.7
Total	136.5	2.6	1.1	140.2	131.1

Sickness absence

In the year to 31 March 2024, an average of 7.5 working days (2023: 4.3 days) was lost per staff member working in the year.

Equalities and diversity

Breakdown of employee groups by sex

The table below shows the breakdown of the Creative Scotland Senior Leadership Team and Board by sex.

	31 March 2024		31 March 2023	
	Males	Females	Males	Females
Senior Leadership Team	7	4	7	4
Creative Scotland Board	9	7	7	4

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

Diversity profile of Creative Scotland

Creative Scotland publishes an equalities mainstream report every two years, which sets out progress made against equality outcomes and steps taken on mainstreaming equalities into day-to-day activities.

The following table shows the diversity profile of Creative Scotland employees over 2023 and 2024 in relation to ethnicity, sexual orientation, disability and sex. More details can be found in our latest reports on [Equalities, Diversity and Inclusion Mainstreaming Reports](#).

	2024	2023		2024	2023
Ethnicity			Sexual Orientation		
White	126	117	No Information	35	39
Asian or Asian British	2	2	Bisexual	7	6
Black or Black British	1	1	Gay / Lesbian	8	6
Mixed or Multiple Ethnic Group	3	3	Heterosexual / Straight	82	74
Other ethnic group	1	1	Prefer not to Say	11	11
Prefer not to Say	14	12	Other	4	0
	147	136		147	136
Disabled			Sex		
Yes	21	15	Male	47	44
No	126	121	Female	100	92
	147	136		147	136

Policies

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

Gender Pay Gap Analysis

The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012, amended by the Equality Act 2010 (Specific Duties) (Scotland) Amendment Regulations 2016, set out the legal requirement for public sector organisations to publish a gender pay gap report every two years. Creative Scotland's results for the last two years of reporting are shown below:

Year	Mean gender pay gap in hourly pay as a percentage of men's pay
2021	22.20%
2023	17.5%

The pay gap at Creative Scotland reflects the fact that more women are employed than men, and most men are employed in the higher grades of the pay structure. The [detailed gender pay gap](#) report has

further analysis on the breakdown of gender pay and actions that Creative Scotland has committed to in order to reduce the gap further.

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
5	5

Percentage of time spent on facility time

% of time	Number of employees
0%	-
1-50%	5
51-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time (£)	£4,587
Total pay bill (£)	£7,927,000
% of pay bill spent on facility time	0.06%

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

Iain Munro

Chief Executive and Accountable Officer

29 November 2024

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 and its group for the year ended 31 March 2024 under the Public Services Reform (Scotland) Act 2010. The financial statements comprise the Group Statement of Comprehensive Net Expenditure, the Group Statement of Financial Position, the Statement of Group Cash Flows, the Statement of Changes in Group Taxpayers' Equity and Notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2023/24 Government Financial Reporting Manual (the 2023/24 FReM).

In my opinion the accompanying financial statements:

- give a true and fair view of the affairs of Creative Scotland and its group as at 31 March 2024 and of its net expenditure for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2023/24 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 2 December 2022. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of Creative Scotland and its group 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 ability of Creative Scotland and its group to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on Creative Scotland and its group's current or future financial sustainability. However, I report on the arrangements for financial sustainability in a separate Annual Audit Report available from the Audit Scotland website.

Risks of material misstatement

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

Responsibilities of the Accountable Officer for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with

the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- using my understanding of the central government sector to identify that the Public Services Reform (Scotland) Act 2010 and directions made thereunder by the Scottish Ministers are significant in the context of Creative Scotland and its group;
- inquiring of the Accountable Officer and Director of Finance as to other laws or regulations that may be expected to have a fundamental effect on the operations of Creative Scotland and its group;
- inquiring of the Accountable Officer and Director of Finance concerning Creative Scotland and its group policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

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

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

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to my responsibilities in respect of irregularities explained in the audit of the financial statements section of

my report, I am responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

Reporting on other requirements

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

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

Other information

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

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

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

Opinions prescribed by the Auditor General for Scotland on 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 parts of the Remuneration and Staff Report are not in agreement with the accounting records; or
- I have not received all the information and explanations I require for my audit.

I have nothing to report in respect of these matters.

Conclusions on wider scope responsibilities

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

Use of my report

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Esther Scoburgh
Esther Scoburgh CPFA
Audit Scotland
102 West Port
Edinburgh
EH3 9DN
29 November 2024

Group Statement of Comprehensive Net Expenditure

For the year ended 31 March 2024

	Note	Creative Scotland		Group	
		2023/24	2022/23	2023/24	2022/23
		£'000s	£'000s	£'000s	£'000s
Income					
Project income	5	522	845	522	845
Other operating income	6	5,767	4,417	5,767	4,417
Sales revenue		-	-	422	437
		6,289	5,262	6,711	5,699
Expenditure					
Staff costs	7	8,285	8,260	8,285	8,260
Grant commitments	8	50,451	54,735	50,301	53,860
Less: de-commitment of prior year grants		(1,003)	(1,982)	(1,003)	(1,982)
Project expenditure	9	603	1,073	603	1,073
Other operating expenditure	10	3,395	2,844	3,675	4,510
Depreciation		525	524	525	524
		62,256	65,454	62,386	66,245
Net operating costs for the year		(55,967)	(60,192)	(55,675)	(60,546)
Other finance (costs) / income		1	(2)	(7)	(9)
		(55,966)	(60,194)	(55,682)	(60,555)
Income tax expense	11	-	-	(9)	-
Net expenditure		(55,966)	(60,194)	(55,691)	(60,555)

Other comprehensive expenditure

	Creative Scotland		Group	
	2023/24	2022/23	2023/24	2022/23
	£'000s	£'000s	£'000s	£'000s
Retained deficit for the financial year	(55,966)	(60,194)	(55,691)	(60,555)
Actuarial gain/(loss) on the Strathclyde Pension Fund	1,023	(111)	1,023	(111)
Capital grant net income	(29)	(30)	(29)	(30)
Net gain/(loss) on revaluation of property	39	107	39	107
Total comprehensive expenditure	(54,933)	(60,228)	(54,658)	(60,589)

The notes on pages 44-66 form part of these accounts.

Group Statement of Financial Position

As at 31 March 2024

		Creative Scotland		Group	
		2023/24	2022/23	2023/24	2022/23
	Note	£'000s	£'000s	£'000s	£'000s
Non-current assets					
Property, plant, and equipment	12	1,351	1,413	1,351	1,413
Intangible assets	13	-	-	-	-
Long term leases	17a	671	1,095	671	1,095
Investment in subleases	17b	-	-	4,126	4,243
Total non-current assets		2,022	2,508	6,148	6,751
Current assets					
Trade and other receivables	14	2,301	2,243	2,768	2,270
Cash and cash equivalents	15	16,818	22,323	16,939	22,714
Total current assets		19,119	24,566	19,707	24,984
Total assets		21,141	27,074	25,855	31,735
Current liabilities					
Trade and other payables	16	(18,028)	(23,098)	(18,098)	(23,090)
Finance lease	17	(430)	(426)	(735)	(728)
Provisions	19	(258)	(258)	(258)	(258)
Total current liabilities		(18,716)	(23,782)	(19,091)	(24,076)
Non-current assets plus net current assets		2,425	3,292	6,764	7,659
Non-current liabilities					
Other payables	16	(48)	(162)	(48)	(162)
Finance lease	17	(172)	(671)	(4,595)	(5,399)
Provisions	19	(754)	(814)	(754)	(814)
Pension assets/(liabilities)	18	1,232	241	1,232	241
Total non-current liabilities		258	(1,406)	(4,165)	(6,134)
Assets less liabilities		2,683	1,886	2,599	1,525
Reserves					
General fund		2,337	1,579	2,253	1,218
Revaluation reserve		346	307	346	307
Total reserves		2,683	1,886	2,599	1,525

The Accountable Officer authorised these financial statements for issue on 29 November 2024.

Iain Munro
Iain Munro
Chief Executive and Accountable Officer

The notes on pages 44-66 form part of these accounts.
29 November 2024

Statement of Group Cash Flows

For the year ended 31 March 2024

	2023/24	2022/23
	£'000s	£'000s
Cash flows from operating activities		
Net expenditure	(55,691)	(60,555)
<i>Adjustments for non-cash items</i>		
Adjustments for IAS 19	32	178
Depreciation on property, plant, and equipment	525	524
Amortisation of intangible fixed assets	-	-
Capital grants released	(29)	(30)
Interest expense	18	63
Impairment of lease	-	689
<i>Movements in working capital</i>		
(Increase)/decrease in trade and other receivables	(497)	(116)
Increase/(decrease) in trade and other payables	(5,105)	(28,135)
<i>Movements in provisions</i>		
Increase/(decrease) in provisions	(60)	800
Net cash outflow from operating activities	(60,807)	(86,582)
Cash flows from investing activities		
Purchase of property, plant, and equipment	-	-
Purchase of intangible assets	-	-
Long term leases	-	-
Net cash outflow from investing activities	-	-
Cash flows from financing activities		
Scottish Government grant-in-aid received	55,732	59,162
Payment of lease liabilities	(799)	(528)
Payment of interest portion of lease liabilities	(18)	(63)
Proceeds from sublease	117	205
Net cash inflow from financing activities	55,032	58,776
Net increase/(decrease) in cash and cash equivalents	(5,775)	(27,806)
Cash and cash equivalents at the beginning of the period	22,714	50,520
Cash and cash equivalents as the end of the period	16,939	22,714

The notes on pages 44-66 form part of these accounts.

Statement of Changes in Group Taxpayers' Equity

For the year ended 31 March 2024

	General Fund £'000s	Revaluation Reserve £'000s	Total £'000s
Balance as at 31 March 2022	2,752	200	2,952
Changes in taxpayers' equity 2022/23			
Actuarial gain/(loss)	(111)	-	(111)
Retained deficit	(60,555)	-	(60,555)
Grant in Aid transfer	59,162	-	59,162
Revaluation of property	-	107	107
Movement in capital grant	(30)	-	(30)
Balance as at 31 March 2023	1,218	307	1,525
Changes in taxpayers' equity 2023/24			
Actuarial gain/(loss)	1,023	-	1,023
Retained deficit	(55,691)	-	(55,691)
Grant in Aid transfer	55,732	-	55,732
Revaluation of property	-	39	39
Movement in capital grant	(29)	-	(29)
Balance as at 31 March 2024	2,253	346	2,599

The notes on pages 44-66 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 2023/24 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 2024.

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 (FReM). IFRS 7 requires the classification of financial instruments into separate categories for which the accounting treatment is different. Creative Scotland has classified its financial instruments as follows:

Financial Assets

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

Other financial liabilities

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

Recognition and measurement

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

Cash and Cash Equivalents

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

1.7 Recognition of income

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

1.8 Resources Expended

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

1.9 Pensions

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

Strathclyde Pension Scheme

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

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

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

Arts Council Retirement Plan 1994

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

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

1.10 Leases

Leases are capitalised at the present value of the minimum lease payments at the inception of the lease and a liability recognised for the same amount in line with IFRS 16, *Leases*. Leased assets are depreciated over the shorter of the asset's useful life and the lease term. Each lease payment is allocated between the principal capital component and finance charges. The finance charges are allocated to each period during the lease term, to produce a constant periodic rate of interest on the remaining balance of the liability. Interest on leases is charged to the statement of comprehensive net expenditure in the year in which the lease payment relates.

Where the interest rate implicit in a lease cannot be readily determined, the lease liability is calculated using the HM Treasury discount rates. For leases that commence or are remeasured in the 2022 calendar year, this rate is 0.95%.

IFRS 16 was implemented with effect from 1 April 2022, and the two long term leases held at that time were recognised as noted above. Shorestage Limited signed a long-term lease in April 2022, and this was recognised as noted above also.

Leases with a term under one year, or leases that are held on a short-term basis, that is they can be cancelled with no penalty in a short period, are not capitalised and rent payments are expenses when settled. The lease on the Glasgow office is considered a short-term lease on this basis and ended in 2023/24.

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.

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 61.
- Creative Scotland has recognised provisions for dilapidations on rented premises. These provisions are based on expert valuations and are subject to agreement with landlords.
- Creative Scotland recharges applicable operating costs to the Creative Scotland National Lottery Distribution Fund. This is based on management's judgement of the most appropriate recharge rate based on a number of factors, including the proportion of income from each fund over the medium term of operations. The recharge for the year was 40% for salaries and other operating costs (2022/23: 40% for salaries and all applicable operating costs).

3 Reconciliation of net expenditure to grant-in-aid

	£'000s
Net expenditure per Group SoCNE	(55,966)
Add: depreciation	525
IAS19	32
Lease payments	(496)
Provision for the Arts Council Retirement Plan (1994)	31
Grant-in-aid for 2023/24	55,732
Net surplus/(deficit) for the year to 31 March 2024	<u>(142)</u>

The grant-in-aid allocated to Creative Scotland for the year to 31 March 2024 was £55.7 million, all of which was drawn down in cash during the year. Creative Scotland operated with a small deficit against its grant-in-aid cash allocation (0.25% of the cash allocation).

4 External auditor's remuneration

	2023/24	2022/23
	£'000s	£'000s
External audit remuneration	66	60
Total external auditor's remuneration	<u>66</u>	<u>60</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	
	2023/24	2022/23	2023/24	2022/23
	£'000s	£'000s	£'000s	£'000s
City of Edinburgh Council	155	845	155	845
British Film Institute	367	-	367	-
	522	845	522	845

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

6 Other operating income

	Creative Scotland		Group	
	2023/24	2022/23	2023/24	2022/23
	£'000s	£'000s	£'000s	£'000s
Recharges to Creative Scotland NLDF	4,510	3,925	4,510	3,925
Amortisation of capital grant	29	30	30	30
Event space rental income	193	169	192	169
Office space rental income	135	120	135	120
Miscellaneous	35	35	35	35
Award repayments	865	138	865	138
	5,767	4,417	5,767	4,417

Award repayments represent payments due to the Fund from royalties etc. from investments in screen productions.

7 Staff costs

	2023/24	2022/23
	£'000s	£'000s
Staff costs during the year		
Wages and salaries	6,012	5,262
Social security costs	600	570
Pension costs	1,314	1,327
Apprenticeship levy	16	10
Movement in holiday pay accrual	14	(16)
Other staff related costs: temporary staff	298	307
ACRP Deficit Contribution	31	800
	8,285	8,260

The amount recharged in respect of the National Lottery Distribution Fund's share of Creative Scotland's payroll costs was £3.3 million (40% of eligible staff costs) (2022-23: £2.9 million, 40%). A more detailed analysis of staff costs is included in the Remuneration and Staff Report.

8 Grant commitments

	2023/24	2022/23
	£'000s	£'000s
Regular Funding	26,110	33,381
Open Funds		
Open Fund for Individuals	187	-
Open Fund for Organisations	238	648
	<u>425</u>	<u>648</u>
<u>Targeted Funds</u>		
Arts, Communities and Inclusion		
Culture Collective	1,267	-
Expo Fund	2,000	1,796
Platform for Creative Excellence (PLACE)	786	1,842
Youth Music Initiative & Youth Arts	9,264	9,329
Other	53	210
Capital	50	-
	<u>13,420</u>	<u>13,177</u>
Screen Scotland		
Audience Development	1,380	634
Broadcast Content Fund	2,264	2,645
Business and Market Development	361	17
EDI	23	24
Infrastructure	150	477
Production Growth Fund	1,000	1,570
RFO Cinema	1,190	-
Screen Education	785	157
Skills	2,456	639
Strategic Partnerships	299	767
Talent	583	452
	<u>10,491</u>	<u>7,382</u>
Other	5	145
COVID-19 Response	-	2
Total Targeted Funds	<u>23,916</u>	<u>20,706</u>
Total grant commitments	<u>50,451</u>	<u>54,735</u>

9 Project expenditure

	2023/24 £'000s	2022/23 £'000s
Arts, Communities and Inclusion		
Youth Music Initiative & Youth Arts	26	124
Culture Collective	-	230
Screen Scotland		
Audience Development	-	15
Broadcast Content Fund	32	-
Film Development and Production Fund	2	-
Infrastructure	59	268
Skills	16	1
Strategic Partnerships	148	170
Talent	4	-
Business and Market Development	16	33
Screen Commission	300	232
Total project expenditure	603	1,073

10 Other operating expenditure

	Creative Scotland		Group	
	2023/24 £'000s	2022/23 £'000s	2023/24 £'000s	2022/23 £'000s
HR	160	172	160	172
Office Services	74	68	74	68
Estates	579	408	579	408
Finance	162	145	162	145
Legal and contracts	101	148	101	148
ICT	1,149	986	1,149	986
Communications	272	128	272	128
Board and committee expenses	41	42	41	42
Central services	544	403	544	403
Marketing	72	75	72	75
Knowledge and Research	236	258	236	258
External assessors	5	11	5	11
Shorestage Limited	-	-	280	1,666
Total other operating expenditure	3,395	2,844	3,675	4,510

11 Income tax expense

Corporation tax is due on the activities of Shorestage Limited. For the year ending 31 March 2024, corporation tax of £8,600 was due to HMRC (2022/23: £0).

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 2023	551	688	992	73	303	2,607
Revaluation	17	22	-	-	-	39
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
31 March 2024	568	710	992	73	303	2,646
Depreciation						
1 April 2023	-	26	810	73	285	1,194
Revaluation	-	-	-	-	-	-
Charge for the year	-	20	63	-	18	101
Disposals	-	-	-	-	-	-
31 March 2024	-	46	873	73	303	1,296
NBV						
31 March 2024	568	664	119	-	-	1,351

Prior year	Land	Buildings	Buildings Leasehold	Fixtures and Fittings	IT Equipment	Creative Scotland Total
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Cost						
1 April 2022	500	625	992	73	303	2,493
Revaluation	51	63	-	-	-	114
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
31 March 2023	551	688	992	73	303	2,607
Depreciation						
1 April 2022	-	-	747	73	267	1,087
Revaluation	-	6	-	-	-	6
Charge for the year	-	20	63	-	18	101
Disposals	-	-	-	-	-	-
31 March 2023	-	26	810	73	285	1,194
NBV						
31 March 2023	551	662	182	-	18	1,413

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

13 Intangible assets

	Computer software	Website	Work in progress	Total
	£'000s	£'000s	£'000s	£'000s
Cost				
1 April 2023	409	237	-	646
Revaluation	-	-	-	-
Additions	-	-	-	-
Transfers	-	-	-	-
Disposals	-	-	-	-
31 March 2024	409	237	-	646
Amortisation				
1 April 2023	409	237	-	646
Revaluation	-	-	-	-
Charge for the year	-	-	-	-
Disposals	-	-	-	-
31 March 2024	409	237	-	646
NBV				
31 March 2024	-	-	-	-

Prior year	Computer software	Website	Work in progress	Total
	£'000s	£'000s	£'000s	£'000s
Cost				
1 April 2022	409	237	-	646
Revaluation	-	-	-	-
Additions	-	-	-	-
Transfers	-	-	-	-
Disposals	-	-	-	-
31 March 2023	409	237	-	646
Amortisation				
1 April 2022	409	237	-	646
Revaluation	-	-	-	-
Charge for the year	-	-	-	-
Disposals	-	-	-	-
31 March 2023	409	237	-	646
NBV				
31 March 2023	-	-	-	-

14 Trade receivables and other current assets

	Creative Scotland		Group	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	£'000s	£'000s	£'000s	£'000s
Trade receivables	38	1	267	22
Due from Creative Scotland NLDF	1,885	1,726	1,885	1,726
Prepayments and accrued income	376	512	604	512
Staff advances and loans	2	4	2	4
VAT due from HMRC	-	-	10	6
	2,301	2,243	2,768	2,270

Trade receivables and other current assets can be analysed as:

	Creative Scotland		Group	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	£'000s	£'000s	£'000s	£'000s
Balances with other Central Government bodies	17	1	27	7
Balances with Local Authorities	-	95	108	95
Balance with Creative Scotland NLDF	1,885	1,726	1,885	1,726
Total intra Government balances	1,902	1,822	2,020	1,828
Balances with bodies external to Government	399	421	748	442
	2,301	2,243	2,768	2,270

15 Cash and cash equivalents

	Creative Scotland		Group	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	£'000s	£'000s	£'000s	£'000s
Balance at 1 April	22,323	50,203	22,714	50,520
Net change in cash and cash equivalent balances	(5,505)	(27,880)	(5,775)	(27,806)
Balance at 31 March	16,818	22,323	16,939	22,714

The following balances at 31 March were held at:

Government Banking Service	16,818	22,323	16,818	22,323
Commercial banks	-	-	121	391
Cash in hand	-	-	-	-
Balance at 31 March	16,818	22,323	16,939	22,714

16 Trade payables and other liabilities

	Creative Scotland		Group	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	£'000s	£'000s	£'000s	£'000s
Amounts falling due within one year:				
Trade payables	391	309	524	315
Grants outstanding	16,929	21,943	16,779	21,893
Accruals	626	624	678	634
Deferred income	82	75	108	101
Finance lease	430	426	735	728
Other taxes and social security	-	147	9	147
	18,458	23,524	18,833	23,818
Amounts falling due after one year:				
Other payables, accruals, and deferred income	48	162	48	162
Finance lease	172	671	4,595	5,399
	220	833	4,643	5,561

Trade payables and other current liabilities can be analysed as:

	Creative Scotland		Group	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	£'000s	£'000s	£'000s	£'000s
Balances with other Central Government bodies	14	228	23	228
Balances with Local Authorities	1,324	5,383	1,324	5,383
Total intra Government balances	1,338	5,611	1,347	5,611
Balances with bodies external to government	17,340	18,746	22,129	23,768
	18,678	24,357	23,476	29,379

17 Leases

At 31 March 2024, 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. 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. Both leases were recognised as right of use assets when IFRS 16 was implemented on 1 April 2022.

The lease at The Lighthouse, Glasgow was for a period of 5 years from 1 April 2016 and was extended another year to 31 March 2023. The lease was continued on a rolling basis and was ended with effect from 31 January 2024.

Shorestage Limited has a long-term lease on a property at Bath Road, Leith, which runs to 2036.

Right of use assets

	Buildings		Total	
	CS	Group	CS	Group
	£'000s	£'000s	£'000s	£'000s
Gross carrying amount				
At 31 March 2023	1,519	6,655	1,519	6,655
Additions	-	-	-	-
Disposals	-	-	-	-
Balance as at 31 March 2024	1,519	6,655	1,519	6,655
Depreciation and impairment				
Balance as at 1 April 2023	(424)	(5,560)	(424)	(5,560)
Disposals	-	-	-	-
Depreciation	(424)	(424)	(424)	(424)
Balance as at 31 March 2024	(848)	(5,984)	(848)	(5,984)
Carrying amount as at 31 March 2024	671	671	671	671

	2024		2023	
	CS	Group	CS	Group
	£'000s	£'000s	£'000s	£'000s
Lease liabilities				
Current	430	735	426	728
Non-current	172	4,595	671	5,399
	602	5,330	1,097	6,127

Lease payments and interest charges over the remaining period of the lease are as follows:

	1 year	2-5 years	5-10 years	>10 years	TOTAL
Payments Due	786,186	1,707,373	2,142,329	1,019,897	5,655,785
Interest Charges	(51,293)	(151,585)	(107,464)	(16,018)	(326,360)
	734,893	1,555,788	2,034,865	1,003,879	5,329,425

17b Investments in subleases

	Buildings		Total	
	CS	Group	CS	Group
	£'000s	£'000s	£'000s	£'000s
Gross carrying amount				
Balance as at 1 April 2023	-	5,136	-	5,136
Additions	-	-	-	-
Disposals	-	-	-	-
Balance as at 31 March 2024	-	5,136	-	5,136
Movements in year				
Balance as at 1 April 2023	-	(893)	-	(893)
Impairment on recognition	-	-	-	-
Payments received	-	(117)	-	(117)
Balance as at 31 March 2024	-	(1,010)	-	(1,010)
Carrying amount as at 31 March 2024	-	4,126	-	4,126

The property at Bath Road, Leith was subleased to First Stage Studios for a period of 15 years from a backdated entry date of September 2021 to 4 September 2036. The initial recognition was based on the valuation of the head lease. An impairment charge was recognised to account for the agreed discount on rent over the period of the lease.

18 Pension schemes

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

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

Strathclyde Pension Fund

These figures are prepared by the Actuaries in accordance with IAS 19. As required under IAS 19, the actuaries have used the projected unit credit method of valuation to measure the pension obligations at 31 March 2023. The last full actuarial valuation of the Strathclyde Pension Fund was carried out on 31 March 2020.

Period ended 31 March 2024	Assets	Obligations	Impact of asset ceiling adjustments	Net asset / (liability)
	£'000s	£'000s	£'000s	£'000s
Fair value of plan assets	11,183	-	-	11,183
Present value of funded obligations	-	7,406	-	(7,406)
Present value of unfunded obligations	-	-	-	-
Effect of the asset ceiling	-	-	(3,536)	(3,536)
Opening Position as at 31 March 2023	11,183	7,406	(3,536)	241
Service cost				
- Current service cost	-	149	-	(149)
- Past service cost	-	-	-	-
- Effect of settlements	-	-	-	-
Total service costs		149	-	(149)
Net interest				
- Interest income on plan assets	530	-	-	530
- Interest cost on defined benefit obligation	-	351	-	(351)
- Interest on the effect of the asset ceiling	-	-	(168)	(168)
Total net interest	530	351	(168)	11
Total defined benefit cost recognised	530	500	(168)	(138)
Cashflows				
- Planned participants' contributions	46	46	-	-
- Employer contributions	106	-	-	106
- Benefits paid	(246)	(246)	-	-
- Unfunded benefits paid	-	-	-	-
- Contributions in respect of unfunded benefits	-	-	-	-
Expected closing position	11,619	7,706	(3,704)	209
Remeasurements				
- Change in financial assumptions	-	(457)	-	457
- Change in demographic assumptions	-	9	-	(9)
- Other experience	264	750	-	(486)
- Return on assets excluding amounts included in net interest	540	-	-	540
- Changes in the effect of the asset ceiling	-	-	3,704	3,704
Total remeasurements recognised	804	302	3,704	4,206
Fair value of plan assets	12,423	-	-	12,423
Present value of funded obligations	-	8,008	-	(8,008)
Present value of unfunded obligations	-	-	-	-
Effects of the asset ceiling *	-	-	(3,183)	(3,183)
Closing Position as at 31 March 2024	12,423	8,008	(3,183)	1,232

* IAS 19 limits the amount of a surplus arising from a defined benefit plan that an entity can recognise as an asset and IFRIC 14 clarifies how those requirements are applied. Following discussions with the

actuary, Creative Scotland's asset ceiling was stated to be £1,232,000. As such, the closing position of £4.4 million was adjusted down by £3.2 million.

Period ended 31 March 2023	Assets	Obligations	Net (liability)/ asset
	£'000s	£'000s	£'000s
Fair value of employee assets	11,547	-	11,547
Present value of funded liabilities	-	11,017	(11,017)
Present value of unfunded liabilities	-	-	-
Opening Position as at 31 March 2022	11,547	11,017	530
Service cost			
- Current service cost	-	296	(296)
- Past service cost	-	-	-
- Effect of settlements	-	-	-
Total service costs	-	296	(296)
Net interest			
- Interest income on plan assets	310	-	310
- Interest cost on defined benefit obligation	-	298	(298)
Total net interest	310	298	12
Total defined benefit cost recognised	310	594	(284)
Cashflows			
- Planned participants' contributions	45	45	-
- Employer contributions	106	-	106
- Contributions in respect of unfunded benefits	(254)	(254)	-
- Benefits paid	-	-	-
- Unfunded benefits paid	-	-	-
Expected closing position	11,754	11,402	352
Remeasurements			
- Change in demographic assumptions	-	(76)	76
- Change in financial assumptions	-	(4,496)	4,496
- Other experience	-	576	(576)
- Return on assets excluding amounts included in net interest	(571)	-	(571)
- De-recognition of assets under IFRIC 14*	(3,536)	-	(3,536)
Total remeasurements recognised	(4,107)	(3,996)	(111)
Fair value of plan assets	11,183	-	11,183
Present value of funded obligations	-	7,406	(7,406)
Present value of unfunded obligations	-	-	-
De-recognition of assets under IFRIC 14*	(3,536)	-	(3,536)
Closing Position as at 31 March 2023	7,647	7,406	241

Period Ended	31 March 2024	31 March 2023
Assumptions	% p.a.	% p.a.
Financial assumptions		
Pension Increase Rate (CPI)	2.75%	2.95%
Salary Increase Rate	3.45%	3.65%
Discount Rate	4.85%	4.75%
Mortality	Males	Females
Current Pensioners	20.8 years	22.5 years
Future Pensioners	22.1 years	25.4 years

Historic Mortality

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

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

Assets

Asset Category	Quoted prices in active markets £'000s	Quoted prices not in active markets £'000s	Total £'000s	Percentage of Total Assets %
Equity Securities				
Consumer	573.7	0.2	573.9	5%
Manufacturing	715.8	0.2	715.9	6%
Energy and Utilities	112.7	0.0	112.7	1%
Financial Institutions	354.8	1.8	356.6	3%
Health and Care	331.0	0.6	331.6	3%
Information Technology	421.1	0.0	421.1	3%
Debt Securities	0.0	0.0	0.0	0%
Private Equity	0.0	2,965.9	2,965.9	24%
Real Estate				
UK Property	0.0	976.8	976.8	8%
Investment funds and unit trusts				
Equities	51.0	4,233.1	4,284.1	34%
Bonds	0.0	1,449.1	1,449.1	12%
Commodities	0.0	5.0	5.0	0%
Infrastructure	0.0	0.0	0.0	0%
Other	0.0	0.0	0.0	0%
Derivatives				
Other	0.0	0.0	0.0	0%
Cash and Cash Equivalents				
	19.4	210.9	230.3	2%
Total	2,579	9,844	12,423	100%

Projected defined benefit cost for the period to 31 March 2025

	Assets	Obligations	Net (liability)/ asset
	£'000s	£'000s	£'000s
Service cost	-	140	(140)
Interest income on plan assets	601	-	601
Interest cost on defined benefit obligation	-	389	(389)
Total included in the Group SoCNE	601	529	72

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 2024, mortality assumptions have been made as indicated below. The table below also shows the effect of changing life expectancy to assume that all members of the fund lived for one year longer.

Sensitivity analysis

Change in assumptions at 31 March 2024:	Approximate increase to Employer Obligation	Approximate monetary amount (£000)
0.1 % decrease in Real Discount Rate	2%	152
1 year increase in member life expectancy	4%	320
0.1% increase in Salary Increase Rate	0%	21
0.1% increase in Pension Increase Rate (CPI)	2%	134

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

Arts Council Retirement Plan (1994)

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

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

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

Creative Scotland's participation in the plan at the latest available date (31 March 2024) is shown below:

	Arts Council Retirement Plan (1994) - Total	Creative Scotland members- total number and (% of Plan)
Total members	2,682	201 (7.49%)

19 Provisions

	2024	2024	2024	2023
	Dilapidations	Pension	Total	Total
	£'000s	Deficit £'000s	£'000s	£'000
1 April	272	800	1,072	272
Arising in the year	-	31	31	800
Utilised in the year	-	(91)	(91)	-
Reversal	-	-	-	-
31 March	<u>272</u>	<u>740</u>	<u>1,012</u>	<u>1,072</u>
Of which:				
Due within one year	167	91	258	258
Due greater than one year	105	649	754	814
	<u>272</u>	<u>740</u>	<u>1,012</u>	<u>1,072</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.

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.

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 2024. During the year, Creative Scotland invoiced the National Lottery Distribution Fund for £4.5 million in respect of recharges for the year for staff, overhead and related costs (see Note 6).

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

Shorestage Limited (SC616389) is a company controlled by Creative Scotland. The directors for the company are the Chief Executive and the Director of Finance. During the year, Creative Scotland provided the company with a grant of £150,000 (2022/23: £350,000) for the purposes of developing a film studio at 31 Bath Road, Leith in Edinburgh. There is an intragroup balance of £150,000 from Creative Scotland to Shorestage Limited as at 31 March 2024 (2023: £50,000).

The following related party transactions were incurred during 2023/24 in relation to board members of Creative Scotland.

Board member	Related party	Awards made 2023/24
David Strachan	Dunedin Consort Trust (Director) *	£100,000 Regular Funding
	Royal Scottish National Orchestra (Director)	£50,000 Music Targeted
Duncan Cockburn	Aberdeen Performing Arts (Director)	£333,333 Regular Funding
Yahya Barry	Glasgow Film Theatre (Trustee)	£633,333 Regular Funding
		£60,000 Screen Scotland Audience Development
		£50,000 EXPO (Glasgow Film Festival)
		£48,000 Screen Education

Board member	Related party	Awards made 2023/24
Muslim Alim	TRC (Director)	5 awards totalling £779,836 Screen Scotland Skills

* Mr Strachan resigned from this post with effect from May 2023

22 Subsidiary undertakings

Creative Scotland has invested £1 in ordinary share capital in Shorestage Limited as at 31 March 2024. Related party disclosures are disclosed in Note 21.

23 Contingent Liabilities

The valuation of defined benefit and unfunded liabilities at 31 March 2024, 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 2024, Creative Scotland is unable to reliably quantify an associated contingent liability.

24 Post Balance Sheet Events

There were no post balance sheet events.

Accounts Direction



**CREATIVE SCOTLAND
DIRECTION BY THE SCOTTISH MINISTERS**

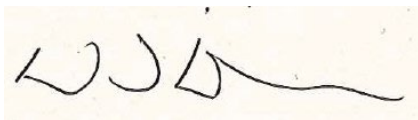
The Scottish Ministers, in pursuance of section 13(1) of Schedule 9 of the Public Services Reform (Scotland) Act 2010 hereby give the following direction.

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