



**Creative Scotland**

**National Lottery Distribution Fund**

**Annual Report and Accounts**

**For the year ended 31 March 2024**

**SG/2024/293**





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

Laid before the Scottish Parliament by the Scottish Ministers  
December 2024

**SG/2024/293**



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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 9. 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.

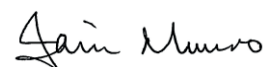
Although not impacting the finances of 2023/24 there has been enormous amount of work undertaken on the Multi-Year Funding Programme which will deliver funding from April 2025. We ran an expression of interest and stage one application process during the year. A total of 361 applications requesting £96 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.



**Robert Wilson**  
Chair



**Iain Munro**  
Chief Executive

## **Performance Overview**

### **Introduction**

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

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

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

### **Strategic priorities**

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

#### **Creative Scotland's Objectives:**

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

#### **This will be done by Creative Scotland:**

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

#### **Creative Scotland will prioritise:**

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

### **Going concern**

At 31 March 2024, the Creative Scotland NLDF had net assets of £11.1 million (2023: £22 million). The Board and Senior Leadership Team have robust financial plans for the ongoing operation of the fund which support the going concern basis of preparation as stated in section 1c of the accounting policies.



## Risk management

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

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:

<b>Risk identified</b>	<b>Mitigation of risk</b>
<p><b>Scottish Government Funding</b></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><b>Delays in the funding settlement from the Scottish Government</b></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><b>Multi-Year Funding Programme Delivery</b></p> <p>The funding process is not delivered effectively which, linked with Scottish Government funding uncertainty, results in poorer outcomes for applicants and Culture in Scotland.</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> <p>Significant external communications activity and detailed guidance and support available for applicants.</p>
<p><b>Cyber Security</b></p> <p>There is a risk that a successful cyber attack is launched against Creative Scotland, resulting in impacts that affect the operation of the organisation.</p>	<p>A digital risk register is in place which details number of procedures and controls are in place to reduce the risk of cyber security failures in all our systems.</p> <p>A cyber security training programme for staff is ongoing.</p>

Risk identified	Mitigation of risk
	Actions to improve systems were undertaken in 2023/24 to reduce cyber risks.
<p><b>Local Authority Funding</b></p> <p>Reductions in local authority cultural funding negatively impact Creative Scotland strategic outcomes.</p>	<p>Creative Scotland maintains relationships with local authorities through its Place, Partnerships and Communities team.</p> <p>Place partnership funding programme maintains a direct funding relationship between Creative Scotland and key partners in local authority areas.</p>

### Consolidated report

Creative Scotland prepares separate annual accounts for its grant-in-aid and National Lottery distribution activities as required by the accounts directions issued by the Scottish Ministers. A full set of consolidated accounts is not prepared due to the differing accounting policies that are required to be followed under the two separate accounts directions. 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				CS			
	CS <sup>1</sup> £'000	NLDF <sup>2</sup> £'000	Intra <sup>3</sup> £'000	Total £'000	CS <sup>1</sup> £'000	NLDF <sup>2</sup> £'000	Intra <sup>3</sup> £'000	Total £'000
<b>Income</b>								
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)
<b>Total income</b>	<b>(6,711)</b>	<b>(33,150)</b>	<b>4,510</b>	<b>(35,351)</b>	<b>(5,699)</b>	<b>(32,612)</b>	<b>3,925</b>	<b>(34,386)</b>
<b>Expenditure</b>								
Net grants issued <sup>4</sup>	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	-	-	-	-
<b>Total expenditure</b>	<b>62,402</b>	<b>43,053</b>	<b>(4,510)</b>	<b>100,945</b>	<b>66,254</b>	<b>35,709</b>	<b>(3,925)</b>	<b>98,038</b>
<b>Net expenditure/(surplus)</b>	<b>55,691</b>	<b>9,903</b>	<b>-</b>	<b>65,594</b>	<b>60,555</b>	<b>3,097</b>	<b>-</b>	<b>63,652</b>

### Consolidated changes in Taxpayer's Equity

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

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 has been earmarked by the Board to allocate to future expenditure plans. 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
<b>Grants</b>						
Regular Funding	26,110	6,600	32,710	33,381	-	33,381
Open Project Funding	425	16,273	16,699	648	15,041	15,689
Touring Fund	-	1,988	1,988	-	1,978	1,978
Targeted Funding	23,916	12,913	36,828	20,704	14,871	35,575
COVID Emergency Funding	-	-	-	2	-	2
<b>Total grants distributed</b>	<b>50,451</b>	<b>37,774</b>	<b>88,225</b>	<b>54,735</b>	<b>31,890</b>	<b>86,625</b>
Project expenses	603	688	1,288	1,073	360	1,433
<b>Total funding</b>	<b>51,055</b>	<b>38,462</b>	<b>89,516</b>	<b>55,808</b>	<b>32,250</b>	<b>88,058</b>

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 of the CS Group Annual Report and Accounts and for CS NLDF grants in Note 5 of these accounts.

## **Regular Funding**

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

During 2023/24, £32.7 million was allocated to the portfolio of which £26.1 was funded from grant-in-aid and £6.6 million from National Lottery funds.

<b>Artform</b>	<b>Number of organisations</b>	<b>Total award (£)</b>
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
<b>Total</b>	<b>121</b>	<b>32,699,834</b>

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.

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.

### **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%
<b>TOTAL</b>	<b>1,801</b>	<b>634</b>	<b>12,239</b>	<b>35%</b>	<b>1,474</b>	<b>708</b>	<b>15,689</b>	<b>48%</b>

In total, £12.2 million of funding was awarded to 634 successful applications during 2023/24. 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 and values are not directly comparable.

### **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 & Y. 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
<b>Grand Total</b>	<b>1801</b>	<b>38,384</b>	<b>634</b>	<b>12,239</b>	<b>1,474</b>	<b>32,046</b>	<b>708</b>	<b>15,689</b>

### **Extended Programme Fund**

The National Lottery Extended Programme Fund was launched as a time limited programme in 2023/24 to create the opportunity for non-profit organisations to get longer term support than is currently available through the Open Fund for Organisations, and during a period when they may also be making an application to the Multi-Year Funding Programme.

The Fund's purpose was to provide funding of between £100,000 and £200,000 for a programme of activity covering between 18 to 24 months for the following:

- Organisations delivering a programme of activity to audiences – such as programming a gallery, venue or arts centre, or for developing and delivering an arts or cultural festival
- programmes of developmental activity that are open and accessible to the wider creative community

A total of 57 awards were made in the year for a total value of £9,075,000. The value recognised in the 2023/24 accounts is 50% of the award value (£4,538,000). The remainder of the awards will be recognised in 2024/25, subject to the assessment of an interim monitoring report.

Categories	2023/24			
	Apps. received	Funding requested (£'000)	Apps. Awarded	Awarded (£'000)
Arts and Health/Wellbeing	3	560	2	384
Children and Young People	4	703	1	179
Crafts	3	480	-	-
Creative Learning	1	104	-	-
Dance	3	493	2	301
Design	1	165	-	-
Digital	1	201	1	201
Equalities, Diversity, and Inclusion	5	985	2	405
Interdisciplinary Performance	2	403	2	403
Literature	6	1,045	4	560
Multi-Art Form	29	5,238	9	1,341
Music	23	4,398	13	2,238
Other	4	708	-	-
Place and Communities	7	1,178	4	627
Scots	1	142	1	130
Socially Engaged Practice	1	119	-	-
Theatre	15	2,678	7	1,087
Traditional Arts	1	200	1	100
Visual Arts	13	2,266	8	1,119
<b>Grand Total</b>	<b>123</b>	<b>22,067</b>	<b>57</b>	<b>9,075</b>

Successful applicants to this Fund who are also successful in the Multi-Year Funding Programme will have any active Extended Programme Fund awards merged into a new funding agreement.

## **Touring Fund**

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

The main purposes of the fund are:

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

During the year, one round of Touring Fund was supported which delivered a total of £1.98 million in funding to 14 different productions, which will begin touring over the spring and summer of 2024.

## **Targeted Funding**

Targeted funding is used to address specific activities and development needs in a sector, specialism, or geographic area. In 2023/24, total targeted grant funding was £36.8 million of which £23.9 million was funded from grant-in-aid and £12.9 million was from National Lottery.

Key examples of targeted funding from National Lottery funds during 2023/24 include:

### **1. Arts, Communities and Inclusion**

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

Funds totalling £1.5 million of grant and project expenses were provided across the different art-forms, with the largest funded projects including:

- Showcase Scotland Expo- projects to provide live export opportunities for Scottish based artists working in the genres of folk, traditional, Scots, Gaelic, world and acoustic music (£75,000)
- The Visual Artist and Craft Maker Awards (VACMA), which is programme of small grants schemes delivered with a range of local authorities and art agencies across Scotland to support Scotland-based visual artists and craft makers in their creative development. £120,000 was awarded to 18 local partners for delivery of the programme.
- Book Week Scotland, an annual celebration of books and reading that takes place across the country. £150,000 of funding was provided to the Scottish Book Trust for the 2023 event which took place from the 13<sup>th</sup> to the 19<sup>th</sup> of November.
- Access All Arts (£65,000), a devolved fund managed by Children in Scotland which directly supports children and young people to access creative arts opportunities, supports their wellbeing and helps them explore their creativity.



## **2. International development and markets**

These funds help promote Scottish art and artists in international markets. The total spend for 2023/24 was £568,000 and the largest projects funded were:

- The Four Nations International Fund- £316,000 of funding was awarded to 39 projects. This Fund was first launched as a pilot in 2021/22 financial year. The Fund supports individuals and organisations in developing international partnerships and co-creation projects between artists, creative practitioners and organisations from the four nations of the United Kingdom. Match funding is provided by Arts Council England (£200,000), Arts Council of Wales (£36,000) and the Arts Council of Northern Ireland (£10,000). Creative Scotland contributes the remainder of the Funds (£70,000) and also administers the funding process on behalf of the other partners.
- Festivals Edinburgh (£80,000)- delivery of the 2022 Momentum International Delegate Programme connecting producers, presenters and policy makers to their Scottish counterparts through the medium of Edinburgh's August festivals. Delivery moved back to an in-person programme following the end of COVID-19 restrictions.
- The British Council (£125,000) for the joint cultural partnership with Creative Scotland, which is now in its 11<sup>th</sup> year. This partnership exists to create international opportunities for the Scottish arts sector. This involves the development of new connections and professional networks with the aim of developing collaborations and securing commissions to increase both the international profile of the Scottish arts and to improve cultural relations.

## **3. Place and Communities**

The Place and Communities budget covers areas including Gaelic Arts, Scots, Traditional Arts, partnership development with local authorities and the Awards for All programme.

### **Gaelic, Scots and Traditional Arts**

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

During 2023/24, Creative Scotland delivered a number of projects under Gaelic, Scots and Traditional Arts, including:

- A Gaelic development fund (£45,000) which provides funding to Gaelic programmes throughout Scotland.
- Scots Language Small Grants and advisory group (£14,000).

### **Awards for All**

Creative Scotland continued its participation in the Awards for All programme during 2023/24. This is a National Lottery scheme in Scotland run by the Communities Fund, alongside Creative Scotland and SportScotland.

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

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

In 2023/24, Creative Scotland provided £496,000 of grant funding to the Communities Fund to support cultural projects in the Fund and contributed £32,000 towards overheads for the Fund.

#### 4. Equalities, Diversity and Inclusion

Total EDI funding of £831,000 was awarded from targeted funds in 2023/24. This supported a number of significant programmes including:

- The Participatory Arts and Mental Health Fund which was launched in partnership with The Barings Foundation during the year. The Fund's aim is to increase and improve the quality of arts and mental health provision in participatory settings at a community level by supporting groups and organisations to try out new approaches or develop their existing work with people with mental health problems. A total of 13 awards totalling £293,000 were distributed.
- *All In*, a joint project with Arts Council England, Arts Council Wales and Arts Council Northern Ireland, was established in the year. The project aims to improve access for deaf, disabled, and neurodivergent people in the creative and cultural sector. Creative Scotland will contribute £200,000 over the term of the 2 year project.

#### 5. Screen Scotland

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

In 2023/24, Screen Scotland activities funded from National Lottery totalled £8.1 million, and this was used to support the following areas:

Screen Strand	Screen Scotland National Lottery spend in 2023/24 £'000	Details
Film Development & Production	4,542	This fund supports the development and production funding for feature length films and documentaries made by filmmakers based in Scotland.
Audience Development	349	The audience development fund provides funding for distribution and exhibition, and for film festivals.
Skills	1,059	The skills programmes provide funding for Improving employment opportunities in the sector through increased and co-ordinated opportunities for work-based learning, training and development.
Talent Development	652	Funding was provided for the Short Circuits project. This is an ambitious new film talent initiative for Scotland delivered by Film City Futures in partnership with Glasgow Film Theatre and the BFI Network who provide £200,000 in funding for the project. Up to 9 short films will be produced and 5 feature length scripts will be developed through the programme each year.

<b>Screen Strand</b>	<b>Scotland</b>	<b>National spend in £'000</b>	<b>Lottery 2023/24</b>	<b>Details</b>
Screen Education		470		The Screen education programme provides funding for improving and expanding the provision of film and moving image education in every context, increasing its reach, depth and inclusivity.
EDI		56		EDI funds support screen organisations to increase diversity and run EDI programmes in Scotland.

## 6. Creative Industries

The Creative Industries targeted budget is allocated to development work undertaken in support of the Creative Industries Strategy, which was published in May 2016. This strategy aims to support the development of sustainable creative businesses through a range of infrastructure, research and events projects. A total of £915,000 of grants and project expenses were spent in 2023/24.

The following projects were delivered from Creative Industries funds:

- Creative Networks (£140,000). A fund to help organisations, creative businesses or creative practitioners create new, or develop existing, local creative business networks in Scotland. The fund was delivered by Creative Dundee.
- Crowdfunding programmes: Crowdfunder (£175,000) this project offer expert coaching and Creative Scotland match funding, to support Scotland's creatives to run crowdfunding campaigns.
- Own Art (£32,000) Creative Scotland contributes to this national initiative that makes buying contemporary art and craft affordable by providing interest-free credit for the purchase of original work.

These are just some examples of the range of work supported by Creative Scotland in 2023/24 in our role as funder, advocate, influencer and development body on behalf of the arts, screen and creative industries in Scotland.

## Operations

### Funds

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

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

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

## **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 is shown below.

#### **Results for the year ending 31 March 2024 versus budget**

	<b><u>Actual</u></b> <b><u>£'000</u></b>	<b><u>Budget</u></b> <b><u>£'000</u></b>	<b><u>Variance</u></b> <b><u>£'000</u></b>
<b>Income</b>			
National Lottery Proceeds	(32,171)	(32,425)	(254)
Other	(979)	(460)	519
<b>Expenditure</b>			
Grants awards and investments	37,774		
Project Expenditure	688		
Less de-committed awards	(378)		
<b>Total net grants and project expenses</b>	<b>38,084</b>	<b>38,165</b>	81
Staff costs	3,333	3,340	7
Other operating expenditure/income	1,636	1,400	(236)
<b>(Surplus)/Deficit on the Fund</b>	<b>9,903</b>	<b>10,020</b>	<b>117</b>

The Fund reported a deficit of £9.9 million, a £117,000 variance on the intended budgeted deficit of £10 million. The main reasons for the variances are:

- National Lottery income was £0.8 million below budget, offset by additional interest earned on balances held within the National Lottery Distribution Fund (£0.6 million).
- An overspend in operating costs, due to recharges of Creative Scotland overheads.

### **Earmarked reserves**

The Fund had total earmarked reserves of £11.1 million as at 31 March 2024 (2023: £21 million). The earmarked reserves will be allocated to specific future funding activity and provide certainty by allowing funding for long term projects that require cashflow over a number of years. The risk on page 6 notes that reduced Scottish Government grant-in-aid could lead to an associated depletion in National Lottery reserves,

### **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.

<b>Target</b>	<b>Performance Indicator</b>	<b>Outturn for 2023/24</b>	<b>Outturn for 2022/23</b>
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.

<b>Target</b>	<b>Performance Indicator</b>	<b>Outturn for 2023/24</b>	<b>Outturn for 2022/23</b>
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 CO<sub>2</sub> for 2 key areas for our operations for 2023/24 and 2022/23 were undertaken, with key results shown in the table below:

<b>Scope</b>	<b>2023/24 GHG (tCO<sub>2</sub>e)</b>	<b>2022/23 GHG (tCO<sub>2</sub>e)</b>	<b>Variance</b>
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:

<b>Has your work had a specific focus on any the following groups?</b>	<b>Through programming</b>	<b>Through targeted engagement or outreach work</b>	<b>Through marketing or audience development</b>
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.



**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:

<b>Name</b>	<b>Date of appointment</b>	<b>Term</b>	<b>End of current term</b>	<b>Attendance</b>
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](http://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:

<b>Membership</b>	<b>Meetings attended</b>
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:

<b>Membership</b>	<b>Meetings attended</b>
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:

<b>Membership</b>	<b>Meetings attended</b>
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 Section 35 of Part II of the National Lottery etc. Act 1993, the Scottish Ministers have directed Creative Scotland to prepare for each financial year a statement of accounts for the Creative Scotland National Lottery Distribution Fund (The Fund) in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Fund and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

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

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

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

The Fund's external auditor is appointed by the Auditor General for Scotland, and for the year ended 31 March 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 23-25.

### **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 focused 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 <sup>1</sup> 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 <sup>2</sup> (0)	-	15-20	80-85
Dana Macleod Executive Director, Arts, Communities and Inclusion	100-105 (0)	-	25-30	125-130	45-50 <sup>3</sup> (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) <sup>1</sup>	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) <sup>1</sup>	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 75<sup>th</sup> and 25<sup>th</sup> 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
	Employees	Agency staff	Inward	Total	Total
	(£'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
<b>Total</b>	<b>7,928</b>	<b>298</b>	<b>105</b>	<b>8,331</b>	<b>7,501</b>
<b>Average FTE by directorate</b>					
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
<b>Total</b>	<b>136.5</b>	<b>2.6</b>	<b>1.1</b>	<b>140.2</b>	<b>131.1</b>

### 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
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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
<b>Ethnicity</b>			<b>Sexual Orientation</b>		
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
	<b>147</b>	<b>136</b>		<b>147</b>	<b>136</b>
<b>Disabled</b>			<b>Sex</b>		
Yes	21	15	Male	47	44
No	126	121	Female	100	92
	<b>147</b>	<b>136</b>		<b>147</b>	<b>136</b>

### 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%

<b>2023</b>	17.5%
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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**  
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 National Lottery Distribution Fund for the year ended 31 March 2024 under the National Lottery etc Act 1993. The financial statements comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including 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 state of the body's affairs 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 National Lottery etc Act 1993 and directions made thereunder by the Scottish Ministers.

#### **Basis for opinion**

I conducted my audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I was appointed by the Auditor General on 2 December 2022. My period of appointment is five years, covering 2022/23 to 2026/27. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Conclusions relating to going concern basis of accounting**

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

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

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



## **Risks of material misstatement**

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

## **Responsibilities of the Accountable Officer for the financial statements**

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

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

## **Auditor's responsibilities for the audit of the financial statements**

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

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

- using my understanding of the central government sector to identify that the National Lottery etc Act 1993 and directions made thereunder by the Scottish Ministers are significant in the context of the body;
- inquiring of the Accountable Officer and Director of Finance as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body
- inquiring of the Accountable Officer and Director of Finance concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

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

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

## **Reporting on regularity of expenditure and income**

### **Opinion on regularity**

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

### **Responsibilities for regularity**

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

## **Reporting on other requirements**

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

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

### **Other information**

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

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

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

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

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

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Lottery etc Act 1993 and directions made thereunder by the Scottish Ministers; and

- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the National Lottery etc Act 1993 and directions made thereunder by the Scottish Ministers.

### **Matters on which I am required to report by exception**

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

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

I have nothing to report in respect of these matters.

### **Conclusions on wider scope responsibilities**

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

### **Use of my report**

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

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

## Statement of Comprehensive Net Expenditure

For the year ended 31 March 2024

	Notes	2023/24	2022/23
		£'000s	£'000s
<b>Income</b>			
Share of National Lottery proceeds	3	30,676	31,472
Interest received from NLDF investments	3	1,495	632
Other income	4	979	508
		<u>33,150</u>	<u>32,612</u>
<b>Expenditure</b>			
Grants	5a	37,774	31,890
Less: de-commitment of prior year grants		(378)	(882)
Project expenditure	5b	688	360
Staff costs	6	3,333	2,935
Other operating expenditure	7	1,636	1,406
		<u>43,053</u>	<u>35,709</u>
<b>Deficit on the Fund</b>		<u><u>(9,903)</u></u>	<u><u>(3,097)</u></u>

All the results of the Fund relate to continuing activities.

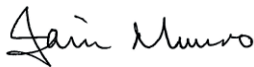
*The notes on pages 44 to 55 form part of these annual report and financial statements.*

## Statement of Financial Position

As at 31 March 2024

	Notes	31 March 2024	31 March 2023
		£'000s	£'000s
<b>Current assets</b>			
Trade and other receivables	8	128	94
Investments in the NLDF	9	31,041	41,070
Cash and cash equivalents	10	2,679	2,127
<b>Total current assets</b>		<b>33,848</b>	<b>43,291</b>
<b>Current liabilities</b>			
Trade and other payables	11	(2,466)	(3,103)
Grants outstanding	13	(20,252)	(18,205)
<b>Total current liabilities</b>		<b>(22,718)</b>	<b>(21,308)</b>
<b>Net current assets/(liabilities)</b>		<b>11,130</b>	<b>21,983</b>
<b>Non-current liabilities</b>			
Grants outstanding	13	(0)	(950)
Provisions	12	(70)	(70)
<b>Total non-current liabilities</b>		<b>(70)</b>	<b>(1,020)</b>
<b>Net assets</b>		<b>11,060</b>	<b>20,963</b>
<b>Earmarked reserves</b>		<b>11,060</b>	<b>20,963</b>

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



**Iain Munro**  
Chief Executive of Creative Scotland and Accountable Officer

The notes on pages 44 to 55 form part of these annual report and financial statements.

## Statement of Cash Flows

For the year ended 31 March 2024

	2023/24	2022/23
	£'000s	£'000s
<b>Cash flows from operating activities</b>		
Surplus/(Deficit) on ordinary activities	(9,903)	(3,097)
<i>Movements in working capital</i>		
Decrease/(Increase) in trade receivables	(34)	(13)
(Decrease)/Increase in trade payables	460	2,755
(Decrease)/Increase in provisions	-	-
Decrease/(Increase) in NLDF investments	10,029	296
<b>Net cash flow from operating activities</b>	<b>10,455</b>	<b>3,038</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>552</b>	<b>(59)</b>
<b>Net cash and cash equivalents as at 1 April</b>	<b>2,127</b>	<b>2,186</b>
<b>Net cash and cash equivalents as at 31 March</b>	<b>2,679</b>	<b>2,127</b>

### Analysis of changes in net funds

	Net cash and cash equivalents
<b>1 April 2023</b>	2,127
Cash flows	552
<b>31 March 2024</b>	<b>2,679</b>

## Statement of Changes in Taxpayers' Equity

For the year ended 31 March 2024

	2023/24	2022/23
	£'000s	£'000s
<b>Opening general reserve at 1 April</b>	<b>20,963</b>	<b>24,060</b>
Transferred from SOCNI	(9,903)	(3,097)
<b>Closing general reserve at 31 March</b>	<b>11,060</b>	<b>20,963</b>

The notes on pages 44 to 55 form part of these annual report and financial statements.

## **Notes to the financial statements**

*(Forming part of the financial statements)*

### **1. Accounting Policies**

#### **a) Basis of accounting and preparation**

In accordance with the accounts direction issued by Scottish Ministers under Section 35 of Part II of the National Lottery etc. Act 1993 (as amended by the National Lottery Act 2006), these financial statements have been prepared in accordance with the 2023/24 Government Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) and IFRIC Interpretations as adapted or interpreted for the public-sector context.

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

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

#### **b) Accounting Convention**

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

#### **c) Going Concern**

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

#### **d) Accruals Convention**

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

Projects awarded over a multi-year basis are accounted for on an annualised basis whereby awards are spread across the financial years of the project as outline in the contract.

#### **e) Accounting for funding awards**

Grants are recognised when these are approved unless there are conditions which may reasonably stop the payment of future instalments of the grant. Projects awarded over a multi-year basis are accounted for on an annualised basis whereby awards are spread across the financial years of the project.

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

**f) Project development awards**

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

**g) Property, Plant & Equipment (PPE)**

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

**h) National Lottery Distribution Fund**

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

- Completion of the Statement of Assurance of Payments due to the National Lottery Distribution Fund for 2023/24 by the National Lottery Commission.
- Completion of the audit of the National Lottery Distribution Fund accounts for 2023/24 by the National Audit Office.
- The NLDF balance is brought to account at market value reflecting the requirements of IFRS.

**i) Financial instruments**

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

**Financial Assets**

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

**Other financial liabilities**

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



## **Recognition and measurement**

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

## **Embedded Derivatives**

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

### **j) Pensions**

#### **Creative Scotland as an employer**

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

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

### **k) Provisions**

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

### **l) Cash and Cash Equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

### **m) Short Term Employee Benefits**

Short term employee benefits for Creative Scotland staff are recharged to the Lottery Distribution Fund for staff employed on lottery related activities. A liability and an expense is recognised for holiday days, holiday pay, non-consolidated performance related pay and other short-term benefits when the employees render service that increases their entitlement to these benefits. As a result, an accrual has been made for holidays earned but not taken.

**o) VAT**

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

**2 Critical accounting estimates and judgements**

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

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

**3 National Lottery proceeds**

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000s</b>	<b>£'000s</b>
Share of income from NLDF	30,676	31,472
Investment income on NLDF Investments	1,495	632
<b>Total National Lottery proceeds</b>	<b><u>32,171</u></b>	<b><u>32,104</u></b>

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

**4 Other income**

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000s</b>	<b>£'000s</b>
British Film Institute	210	200
Project Income	356	-
Miscellaneous Income	11	2
Award repayments	402	306
<b>Total other income</b>	<b><u>979</u></b>	<b><u>508</u></b>

The British Film Institute contributed £210,000 in funding towards Short Circuit, a joint project with Creative Scotland.

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

**5a Grant commitments**

	<b>2023/24</b>	<b>2022/23</b>
	<b>£'000</b>	<b>£'000</b>
<b>Regular Funding</b>	6,600	0
<b>Open Funds</b>		
Open Fund for Individuals	5,875	6,433
Open Fund for Organisations	5,861	8,608
Extended Programme Fund	4,538	0
Touring Fund	1,987	1,978
	<u><b>18,261</b></u>	<u><b>17,019</b></u>
<b>Targeted Funds</b>		
<b>Arts, Communities and Inclusion</b>		
Creative Learning	97	217
Dance	42	36
International	548	257
Literature	244	350
Music	232	355
Theatre	124	50
Visual Arts	509	802
Equalities, Diversity and Inclusion	721	845
Place and Communities	814	747
Culture Collective	-	242
	<u><b>3,331</b></u>	<u><b>3,900</b></u>
<b>Screen Scotland</b>		
Audience Development	349	1,105
Broadcast Content Fund	748	
Business and Market Development	47	455
EDI	56	119
Film Development and Production	4,476	4,003
Infrastructure	200	
Production Growth Fund	25	
Screen Education	394	948
Skills	1,059	1,362
Strategic Partnerships	139	
Talent	631	1,464
	<u><b>8,124</b></u>	<u><b>9,456</b></u>
<b>Creative Industries</b>		
Networks	28	-
Sustainable Business	384	-
Go See Share	84	-
Sector Development	251	207
EDI	53	-
Environment	30	-
Partnerships	1	-
Fair Work	20	-
Legacy Creative Industry programmes	-	793
	<u><b>851</b></u>	<u><b>1,000</b></u>

	<b>2023/24</b> <b>£'000</b>	<b>2022/23</b> <b>£'000</b>
<b>Strategy</b>		
Business Support	200	250
Environment	250	250
Other	52	15
	<u>502</u>	<u>515</u>
<b>Other- Legacy Programmes</b>	<u>105</u>	<u>-</u>
<b>Total targeted</b>	<u>12,913</u>	<u>14,871</u>
<b>Total</b>	<u>37,774</u>	<u>31,890</u>
<b>5b Project expenses</b>		
	<b>2023/24</b> <b>£'000</b>	<b>2022/23</b> <b>£'000</b>
<b>Open Funds</b>		
Open Fund for Individuals	2	-
Open Fund for Organisations	2	-
	<u>4</u>	<u>-</u>
<b>Targeted Funds</b>		
<b>Arts, Communities and Inclusion</b>		
Creative Learning	88	38
Dance	-	6
International	19	1
Literature	4	9
Music	9	48
Theatre	3	
Visual Arts	113	83
Equalities, Diversity and Inclusion	110	14
Place and Communities	29	36
Culture Collective	60	(99)
	<u>435</u>	<u>134</u>
<b>Screen Scotland</b>		
Audience Development	-	1
Business and Market Development	10	-
Film Development and Production	66	62
Screen Education	76	52
Talent	20	25
	<u>173</u>	<u>140</u>
<b>Creative Industries</b>		
Sustainable Business	40	-
Sector Development	-	76
EDI	4	-
Partnerships	19	-
Legacy Creative Industry programmes	-	10
	<u>63</u>	<u>86</u>
<b>Strategy</b>		
Business Support	<u>13</u>	<u>-</u>
<b>Total</b>	<u>688</u>	<u>360</u>

## 6 Staff costs

	2023/24	2022/23
	£'000s	£'000s
<b>Staff costs during the year</b>		
Wages and salaries	2,575	2,247
Social security costs	240	228
Pension costs	509	455
Movement in holiday pay accrual	9	5
<b>Total staff costs</b>	<b>3,333</b>	<b>2,935</b>

All employment contracts are with Creative Scotland, and relevant amounts are recharged to the Fund based on a recharge methodology. The recharge for the year was 40.0% (2022/23: 40.0%).

## 7 Other operating expenditure

	Direct	Recharge	Total	Total
	2023/24	2023/24	2023/24	2022/23
	£'000s	£'000	£'000s	£'000s
HR	-	56	56	69
Estates	-	288	288	250
ICT	-	460	460	394
Operations	1	25	26	17
Office services	-	30	30	27
Audit fees	33	20	53	33
Central services	-	170	170	178
Legal & professional	98	-	98	224
Communications	-	138	138	61
External Assessors	238	-	238	119
Policy and Research	22	-	22	-
Access Costs	14	-	14	-
Awards for All overheads	43	-	43	34
<b>Total other operating expenditure</b>	<b>449</b>	<b>1,187</b>	<b>1,636</b>	<b>1,406</b>

## 8 Trade receivables and other current assets

	31 March 2024	31 March 2023
	£'000s	£'000s
Trade receivables	75	7
Prepayments	1	37
Sundry	52	50
<b>Total trade receivables and other current assets</b>	<b>128</b>	<b>94</b>

## 9 Investment balance in the NLDF

	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>£'000s</b>	<b>£'000s</b>
Balance at 1 April	<u>41,070</u>	<u>41,366</u>
Lottery proceeds	30,676	31,472
Investment income	1,495	632
Funds drawn down	<u>(42,200)</u>	<u>(32,400)</u>
<b>Total investment balance in the NLDF</b>	<b><u>31,041</u></b>	<b><u>41,070</u></b>

The closing market value as at 31 March 2024 reflects the balances available to the Fund from the National Lottery Distribution Fund as advised by the interim statement of balance provided by the Secretary of State for Culture, Media and Sport.

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

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

## 10 Cash and cash equivalents

:

	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>£'000s</b>	<b>£'000s</b>
Balance at 1 April	2,127	2,186
Net change in cash and cash equivalent balances	<u>552</u>	<u>(59)</u>
<b>Balance at 31 March</b>	<b><u>2,679</u></b>	<b><u>2,127</u></b>
The following balances at 31 March were held at		
Government Banking Service	2,652	2,048
Commercial banks	27	79
Cash in hand	-	-
<b>Total cash and cash equivalents</b>	<b><u>2,679</u></b>	<b><u>2,127</u></b>

## 11 Trade payables and other current liabilities

	<b>31 March 2024</b>	<b>31 March 2023</b>
	<b>£'000s</b>	<b>£'000s</b>
Trade payables	76	492
Accruals	368	426
Due to Creative Scotland	1,885	1,726
Other	137	459
<b>Total trade payables and other current liabilities</b>	<b><u>2,466</u></b>	<b><u>3,103</u></b>

## 12 Provisions

	<b>Dilapidations 2024 £'000s</b>	<b>Total 2024 £'000s</b>	<b>Total 2023 £'000s</b>
Balance at 1 April	70	70	70
Arising in the year	-	-	-
Utilised in the year	-	-	-
<b>Total provisions</b>	<b><u>70</u></b>	<b><u>70</u></b>	<b><u>70</u></b>

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

## 13 Grants outstanding

	<b>2023/24 £'000s</b>	<b>2022/23 £'000s</b>
Balance at 1 April	19,155	18,156
De-commitment of prior year awards	(287)	(896)
Committed in year	35,216	31,533
Extended Programme Fund (deferred to 24/25)	(4,538)	-
Paid in year	(29,294)	(29,638)
<b>Total grants outstanding</b>	<b><u>20,252</u></b>	<b><u>19,155</u></b>

	<b>2023/24 £'000s</b>	<b>2022/23 £'000s</b>
Balance due within one year	20,252	18,205
Balance due between one year and five years	-	950
Balance due over five years	-	-
<b>Total grants outstanding</b>	<b><u>20,252</u></b>	<b><u>19,155</u></b>

Extended Programme Fund awards were split over 2 financial years, with an additional assessment element required to release the second year (24/25 element). The total value of these awards which are classed as 'off-balance sheet' is £4,538,000.

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

## **14 Financial instruments**

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

At 31 March 2023, the balance held at the NLDF was £41.1 million. This has decreased to £31 million by 31 March 2024, at which point there were £20.3 million of grant commitments yet to be paid out. In budgeting for current expenditure Creative Scotland balances the anticipated outflow of cash payments against grant commitments along with forward forecasts of Lottery income.

### **14 a) Liquidity risk**

During the financial year, 92.5% of the Fund's income derived from National Lottery proceeds. The remaining income is derived from interest of 4.5%, and from other income in relation to the project income and award repayments of 3%.

### **14 b) Cash flow projections over the next financial year**

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

### **14 c) Interest rate risk**

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

At the balance sheet date, the market value of Creative Scotland's share of the National Lottery Distribution Fund was £31 million. In the year, the average return on these investments was 5.16%. The rate is driven by the Bank of England base rate.

Cash balances which are drawn down by Creative Scotland from the National Lottery Distribution Fund to pay grant commitments and operating costs are held in the Government Banking Service through the NatWest Bank and a commercial account held with the Royal Bank of Scotland. The cash balances at the year-end were a total of £2.7 million. We consider that we are not exposed to significant interest rate risks on our cash balances.



#### 14 d) Foreign currency risk

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

#### 15 Related party transactions

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

Related party transactions in respect of Creative Scotland are detailed in the Creative Scotland Group Accounts for the year ended 31 March 2024. During the year, Creative Scotland invoiced the Lottery Distribution Fund for £4.5 million in respect of recharges for the year for staff, overhead and related costs. The Scottish Government's Culture, Tourism and Major Events Directorate is regarded as a related party. During the year, Creative Scotland had various material transactions with the Scottish Government Culture, Tourism and Major Events Directorate.

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

<b>Board member</b>	<b>Related party</b>	<b>Awards made 2023/24</b>
Robert Wilson	Jupiter Artland (Director)	£19,990 Open Fund for Organisations
David Strachan	Tern TV (shareholder in parent company, Zinc)	£2,500 Screen Scotland Strategic Partnerships
Elizabeth Partyka	STV (shareholding)	£3,400 and £5,000 Screen Scotland Strategic Partnerships
Duncan Cockburn	Sound Festival (Director)	£200,000* Extended Programme Fund
	Robert Gordon University (Vice Principal, Strategy and Planning)	£20,000 Creative Industries (Fair Work)
Yahya Barry	Glasgow Film Theatre (Trustee)	£225,000 Film Hub Scotland
Carol Main	Live Music Now (Director)	£110,000 Open Fund for Organisations

<b>Board member</b>	<b>Related party</b>	<b>Awards made 2023/24</b>
	PRS Music Foundation (Grants Assessor)	£25,000 and £16,000 Music Targeted Funds
Muslim Alim	TRC (Director)	£43,521 Screen Scotland Skills
Norah Campbell	British Council (Head of Arts)	£125,000 Partnership  £32,000 Visual Arts Targeted
Heather Stewart	Arts and Humanities Research Council (Advisor)	£90,000 Creative Industries

\* This award is split £100,000 into 2023/24 financial year and £100,000 into 2024/25 financial year.

## Accounts Direction



### CREATIVE SCOTLAND

#### DIRECTION BY THE SCOTTISH MINISTERS

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

Signed by the authority of the Scottish Ministers

Dated

25 Jan. 2012

## SCHEDULE 1

### Additional Accounting and Disclosure Requirements

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

1. The **Statement of Net Comprehensive Income/Expenditure** shall include as separate items, where material:
  - a) the share of Lottery proceeds attributable to the Fund.
  - b) the share of investment income of the National Lottery Distribution Fund attributable to the Fund
  - c) interest receivable on lottery funds
  - d) repayment of grants
  - e) any other income
  - f) grant made from lottery funds.
  - g) lapsed or revoked grant previously recorded as commitments from lottery funds.
  - h) the total operating costs incurred in respect of National Lottery distribution activities.
  
2. The **Statement of Financial Position** shall include:
  - a) under the heading "Current assets": shown as an investment, the balance held on behalf of the body at the National Lottery Distribution Fund;
  - b) Grant falling due for payment within one year should be disclosed separately under the heading "Current liabilities".
  - c) Grant falling due for payment after more than one year should be separately disclosed under the heading "Non-current liabilities".
  
3. The **Cash Flow Statement** shall use the indirect method when presenting "Cash flow from Operating Activities";
  
4. The **Notes to the Accounts** should meet the requirements of the FReM and include:
  - a) A statement that the Accounts have been prepared in a form directed by the Scottish Ministers in accordance with Section 35 of Part II of the National Lottery etc. Act 1993 (as amended by the National Lottery Act 2006)
  - b) A statement of the accounting policies. This must include a statement explaining the nature of the balances held on the body's behalf in the National Lottery Distribution Fund as follows:
  - c) "Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for Culture, Media & Sport. However, the share of these balances attributable to Creative Scotland is as shown in the Accounts and, at the Statement of Financial Position date, has been certified by the Secretary of State for Culture, Media & Sport as being available for distribution by the body in respect of current and future commitments."
  - d) the value of grant commitments at the year- end which the body has made but which have not been included as liabilities in the Statement of Financial Position because they did not meet the criteria for being treated as liabilities at that date.

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

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

Grants totalling £37.8 million were made during the year in support of a range of projects.

The Open Funds Extended Programme Fund supports a programme of creative activity lasting between 18 – 24 months. 50% of the total award has been recognised in 2023/24 and the remaining 50% will be recognised in 2024/25 following assessment of an interim report.

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

Programme	Organisation	Award
<b>Open Funds - Organisations</b>	Sonic Bothy	119,259
	Live Music Now Scotland	111,400
	Glasgow City Council	103,625
	Project X Dance CIC	100,000
	Tricky Hat Productions	100,000
	LUX	100,000
<b>Open Funds – Extended Programme Fund</b>	Independent Arts Projects Ltd	207,150
	Take Me Somewhere Limited	204,050
	Civic Digits C.I.C.	201,200
	Tenterhooks SCIO	200,001
	Children's Classic Concerts	200,000
	East Neuk Festival	200,000
	Sound Festival	200,000
	AC Projects/Alternative Currents Ltd	200,000
	The Glasgow Barons	200,000
	Lyth Arts Centre	200,000
	Tricky Hat Productions	200,000
	RIG Arts Ltd	199,566
	Scissor Kick Ltd	199,312
	BE United	198,346
	Art Angel (Scotland) Ltd	197,574
	Edinburgh Jazz and Blues Festival Limited	197,500
	Gaada Projects C.I.C.	192,319
	Wonder Fools	188,549
	Hen Hoose Collective Ltd	186,823
	The Mental Health Foundation	186,000
	Hebrides Ensemble Ltd	182,750
	Jazz Scotland Ltd	182,681
	Tortoise in a Nutshell	180,000
	Findhorn Bay Arts Ltd	180,000
	The Sound Lab	179,250
	HYDRA ARTS CIC	177,529
	Stammer Productions	173,746
	Push the Boat Out Ltd	170,000
	Clydeside Initiative for Arts Ltd (SWG3)	169,130
	SOULISQUOY PRINTMAKERS Ltd	162,907
	BODY REMEDY CIC	161,311
	North Edinburgh Arts Ltd	160,956
	AI Seed Productions Ltd	160,238
	Dogstar Theatre Company Limited	158,693
	Oi Musica	153,000
	Hidden Door Charitable Company Ltd	150,000
	Scottish BPOC Writers Network	150,000
	Upland Arts Development CIC	145,000
	Market Gallery	142,530
	Open Book	140,000
Glasgow Zine Library	135,429	
The Lammermuir Festival	135,000	
BRAW CLAN Ltd	130,000	
Shaper Caper Ltd	126,754	
Talbot Rice Gallery	115,000	
The Soundhouse Organisation	100,000	

	Strange Field	100,000
	Artlink Edinburgh and the Lothians	100,000
	The Village Storytelling Centre	100,000
	Ando Glaso	100,000
	Whale Arts Agency	100,000
	DunsPlayFest	100,000
	National Association for Gallery Education	100,000
	Articulation Arts Ltd	100,000
	Ayr Gaiety Partnership	100,000
	Renfrewshire Leisure	100,000
Touring Fund	Shaper Caper Ltd	215,000
	Sleeping Warrior Theatre Company	214,867
	Ramesh Meyyappan	184,567
	Dogstar Theatre Company Limited	184,447
	Imogen Stirling	157,258
	Authentic Artist Collective CIC	149,789
	Sarah Gray T/A Scottish Theatre Producers	140,296
	Starcatchers Productions Ltd	119,512
	Kirsten Newell	119,240
	Fleur Darkin	112,500
	DEEPNESS LTD	110,842
Targeted – Arts and Engagement	The National Lottery Community Fund – Awards For All	495,905
	Scottish Book Trust	150,000
	British Council Scotland	125,000
	Resonate Together	100,000
Targeted – Creative Industries	Crowdfunder UK	175,840
	CREATIVE DUNDEE	140,000
Targeted – Screen Scotland	TEA SHOP	700,000
	Early Day Films Ltd	700,000
	Film City Futures	614,000
	Mam Tor Productions Ltd	600,000
	Screen NETS	392,758
	Aconite Productions	365,988
	Ossian Pictures Ltd	350,000
	Glasgow Film Theatre	225,000
	Bombito Productions Ltd	225,000
	Rogan Productions Scotland	200,000
	Abertay University	200,000
	NFTS Scotland	200,000
	The Forge Entertainment	195,079
	Montrose Pictures Ltd	127,000
	PACT Ltd	117,000
	LUX	101,135
	Animation Scotland	100,000
	Hello Halo Productions	100,000
	Harvest Film Ltd	100,000
	Sixteen Films	100,000
	Ossian Pictures Ltd	100,000
Targeted – Strategy	Creative Carbon Scotland	250,000
	The Audience Agency	200,075

A full list of all awards made can be found on our website at [creativescotland.com](https://www.creativescotland.com).

## Appendix 2- Policy direction



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

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

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



it has the power to distribute money and its general functions as listed in the Public Services Reform (Scotland) Act 2010.

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





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