



National Library of Scotland

Annual Report and Financial Statements

For the year ended 31st March 2024

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The National Library of Scotland is a registered charity - Number SC011086

Annual Report of the Board

1. History of the National Library of Scotland

The National Library of Scotland ('the Library') is the successor to the historic Library of the Faculty of Advocates, founded in the late 17th century on the initiative of the King's Advocate, Sir George Mackenzie of Rosehaugh. During the 18th and 19th centuries, Keepers like Thomas Ruddiman, David Hume and their successors established the Advocates Library as the National Library of Scotland in all but name. With the provision of a very generous endowment by Sir Alexander Grant of Forres, the Government in 1925 accepted the Faculty's offer to present its Library, with the exception of the law books and manuscripts, to the nation to become the National Library of Scotland.

The National Library of Scotland is the largest library in Scotland, and it is among the half dozen largest libraries in the British Isles providing access to over 26 million physical items and over 23 million digital items.. It has extensive and varied collections of printed material (maps, music, newspapers, etc. as well as books) and large collections of manuscripts and increasingly important digital collections. Its special characteristics derive from its status as a national and legal deposit library. Since 1710 the Library has had the right, under successive Copyright Acts, to acquire all books published in the United Kingdom, and it now seeks to obtain, through legal deposit, books and other publications that are within the scope of the Library's collection development policy. By reciprocal legislation the British Copyright Libraries have similar rights in the Republic of Ireland. The Library also acquires, mainly by purchase, but also by gift and deposit, older books, maps and music, modern foreign publications, and manuscripts.

2. Statutory Background

The National Library of Scotland Act 1925 established the Library 'on the foundation of the Library gifted for that purpose by the Faculty of Advocates, and for purposes connected therewith'. This legislation has been replaced by the National Library of Scotland Act 2012 which modernises the Library's governance arrangements and updates its powers and functions. It came into force in February 2013.

The Library is a registered charity. The name of the charity is National Library of Scotland. Its principal address is George IV Bridge, Edinburgh, EH1 1EW. The Library is one of six Legal Deposit Libraries in the British Isles. As a registered charity its purpose is the advancement of education and the advancement of arts, heritage, culture and science.

Board Members are appointed under the terms of the National Library of Scotland Act 2012. The Board's principal function is responsibility for the stewardship and governance of the National Library of Scotland. This includes approval of the Strategy, Library Plan and Annual Budget.

The Board

Board appointments are made by Scottish Ministers after advertising vacancies. One of the members is selected from persons nominated by the Dean of the Faculty of Advocates. The names of the Board Members who served between 1st April 2023 and the date of signing the financial statements are as follows.

Name	Committee Membership in the year
Chair	
Sir Drummond Bone	Audit Committee
Board Members	
Ruth Crawford *	Audit Committee
Emily Drayson	Audit Committee
Alan Horn	Staffing & Remuneration Committee
Alison Kidd	Staffing & Remuneration Committee
Robert Kilpatrick	Audit Committee & Governance Committee
Kirsty Lingstadt	Governance Committee
Justin McKenzie Smith	Governance Committee
Lesley McPherson	Audit Committee
Michael Muir	Staffing & Remuneration Committee
Robert Wallen	Governance Committee

* Nomination from the Faculty of Advocates

The Library maintains a Board Members' [Register of Interests](#), which complies with the requirements of the Ethical Standards in Public Life (Scotland) Act 2000 and is available for inspection on the National Library of Scotland website. Board Members are required to update the register within 28 days of a change to their registerable interests.

New Board Members are provided with an induction pack that contains a range of documentation including the Scheme of Delegation (Board), Responsibilities of the Board, Standing Orders, Code of Conduct, Rules on Declaration of Interest, the Strategy and the Library Plan. A full induction and training programme for Board Members has been prepared in line with the guidance in 'On Board' to ensure that new members are provided with all required and relevant information on taking up appointment with the Library. Each Board Member is

provided with the opportunity to meet with the National Librarian and other senior staff and to visit each of the Library's buildings and facilities.

The Board met five times during the year to effect general management and control over the Library.

The Audit Committee and the Staffing and Remuneration Committee have delegated responsibility for certain matters under the Scheme of Delegation. In addition, the Governance Committee has continued to consider appropriate ways to improve governance of the Library. Responsibility for delivering the Strategy and Operational objectives is devolved, under a Board approved Scheme of Delegation, to the National Librarian, supported by the Library Leadership Team. The National Librarian is also the Chief Executive of the Library and the Accountable Officer for the use of public resources.

Library Leadership Team

The Library Leadership Team over the year were as follows.

Name	Role
Amina Shah	National Librarian & Chief Executive
Anthony Gillespie	Chief Operating Officer
Jackie Cromarty	Director of Engagement
Alison Stevenson	Director of Collections, Access & Research
Rob Cawston (from 31/07/2023)	Director of Digital and Service Transformation
Joe Marshall	Director of Collections Management
Gill Hamilton (to 30/06/2023)	Interim Associate Director of Digital

3. Strategy & Operational Objectives

The Library's function remains what it has long been – that of a large general research library with a particular focus on Scotland and the Scots.

In September 2020 the Library agreed a strategy 'Reaching People' for the period 2020-2025. The strategy can be found on the [Library's website](#). The vision is to create opportunities for people to participate in Scotland's rich cultural life and the strategy outlines five priorities for the period. These are:

Safeguarding collections - We are the guardian of the published and recorded memory of Scotland for current and future generations.

Improving access - We make it easier to access our collections.

Engaging Audiences - We put audiences at the heart of everything we do and offer a rich variety of ways for people to participate and engage with their heritage.

Supporting learning, research and discovery - We encourage and support research, learning and discovery.

Developing the organisation - We will continue to be a great organisation to work for and with, developing new ways of doing, delivering and partnering.

4. Performance in the year

At the start of 2023/24, the Board agreed the Library Plan which detailed the specific objectives, linked to the Strategy, which would be pursued over the coming year. For 2023/24 the Plan comprised 31 separate objectives. The Library also monitored 13 Key Indicators and used these to help assess the achievement of its objectives.

In October 2023 NLS was informed that the British Library had been the victim of a cyber-attack. While not directly affected, NLS, along with the other legal deposit libraries, uses and shares some of the infrastructure with which electronic legal deposit is collected and accessed. The attack and the ongoing repercussions have meant that access to electronic legal deposit has not been available since October and there is likely to be significant work required to rebuild this infrastructure over the coming months and years. The most direct effect over the year was the reduction in legal deposit collecting and hence in the growth in the collections. This can be seen below in the respective Key Indicator.

Nevertheless, in overall terms, there has been good progress with the objectives set for the year and the Key Indicators. At the end of the year, 27 of the 31 objectives had been fully or largely completed. Those which are yet to complete will be carried forward and undertaken in 2024/25. Targets were set and performance was measured for 13 Key Indicators during 2023/24 and the results are detailed in the table below and show that in relation to 10 out of the 13 Indicators performance either matched or exceeded expectations. One of the Key Indicators not met was relating to the Growth in the Collections which has been discussed above. When compared to 2022/23, the Key Indicator results improved in 10 out of 13 categories and reduced in 3. Of particular note in 2023/24 were the increases in Reading Room and Exhibitions visits, the percentage of the collections now in a digital format and the progress made with reducing the Hidden Collections.

When performance targets are not reached the Library will analyse the possible reasons for this and seek to make improvements.

Indicator	Indicator for 2023/24 (Where Applicable)	Result for 2023/24	Indicator met for 2023/24?	Equivalent for 2022/23	Performance compared to 2022/23
Environmental Compliance	95%	97.92%	Yes	98.02%	Reduction
Growth in the Collections	1.4 million	1.21 million	No	2.484 million	Reduction
Percentage Reduction in Hidden Collections	72%	76.91%	Yes	68.24%	Improved
Percentage of collections available in a digital format	33%	34.73%	Yes	32.98%	Improved
Number of research collaborations	50	62	Yes	59	Improved
Number of Public Events	200	356	Yes	352	Improved
Numbr of Exhibition Visitors	110,000	122,888	Yes	119,123	Improved
Website Usage (Web sessions)	4.8 - 5.0 million	7.2 million	Yes	5.2 million	Improved
Reading Room Visits	38,000-42,000	52,225	Yes	43,178	Improved
Staff Absence Rate (Days per Employee)	7.4-8.0	8.90	No	9.00	Improved
Percentage raised against Fundraising target	100%	81%	No	105%	Reduction
Central Support costs as a percentage of income	10.00%	7.80%	Yes	8.60%	Improved
Reduction in CO2 emissions	1%	1.96%	Yes	2.50%	Improved

5. Achievements in the Year

Good progress was made in implementing the 'Reaching People' strategy. At each of the Board meetings the National Librarian updates the Board on the work that has been completed and is underway. Some of the key achievements in the year were as follows;

- Completed the strategic target of having one third of collections in a digital format by the end of the strategy period. At the end of 2023/24 the Library had reached a figure of almost 35%. This was over one year ahead of schedule.
- Progressed the reduction in the Hidden Collections. By the end of the year this had reduced by 76.91% when compared to the baseline and now means that over an

additional 1 million items are discoverable in the Library's catalogues for users/researchers.

- Continued to work with public library partners to conserve and digitise Scottish newspapers. The Scots Courant, Caledonian Mercury and Caledonian Gazetteer were published online in early October. Others, such as elements of the La Scozia, Glasgow Courant and West Country Intelligencer and Glasgow Courant followed later in the year.
- Added to the national collections, receiving over 1.2 million items over the year from legal deposit and adding a number of key items such as a rare copy of The Broons annual and correspondence between David Hume and Horace Walpole, two key members of the Enlightenment.
- Delivered a programme of engagement around sound & music including performances as part of the Scottish International Storytelling Festiva and our own Sgeul exhibition.

6. Financial Review

The aim of this section is to explain the financial results for the year.

The main headline for the 2023/24 financial year is that the Library has ended the year with an increase of £316k in its General Reserves. There was a dip in these General Reserves in the previous year (2022/23) as the Library used them to fund a Voluntary Early Exit scheme. As part of its financial planning, and bearing in mind the difficult public finance situation, the intention was to rebuild these reserves to provide more financial flexibility and cushion.

Within the financial statements, the place where this is best shown is at the bottom section of the Statement of Financial Activities on Page 41 and the Reserves Note at Page 61. Both these show the balance on the Library's Unrestricted General Fund reserve increasing from £597k to £913k over the year.

Restricted Reserves increased by approximately £1.1 million. The main reason for this was the upward valuation of the Library's Investments/Endowments and also the receipt of grants paid in advance into the Designated Purchase Reserve.

Total income in the year was £22.29 million. This was an increase of 13.3% from the 2022/23 figure of £19.67 million with most categories of income showing an increase. There was also a change in the mix, with more income coming from external funding bodies in the form of grants for projects and the receipt of two bequests. However, most of the Library's income (88%) continues to come from the Scottish Government and there was a 7.4% increase in the amount of revenue funding which the Library received. This was used to meet the costs of the pay

award to staff. In addition, it continued to receive funding from the Scottish Government to support the purchase of collections.

Total expenditure in the year, including depreciation, was £23.016 million with most of this split between Collection Development and User Access. Staffing continues to be the Library's biggest cost – though there was a large amount spent on building maintenance (£1.43 million) and Purchases/Grants for the Collections (£0.67 million). The average number of staff stayed relatively constant over the year.

The 2023/24 financial year was also notable for the amount that the Library added to its assets. The best place this can be seen is on the Tangible Assets Note 8 (Page 56) and on the Heritage Assets Note 9 (Page 57). These show that the Library added over £968k of tangible assets – mainly on the refurbishment of parts of the Library's estate and on new and replacement IT kit and storage. The work on enhancing collections protection at the Causewayside building also started during the year. Not all this funding was spent by the year end and approximately £434k has been carried forward and will be spent early in 2024/25.

Gross spending on adding to the collections during the year totalled over £992k of which £323k was added to Heritage Assets. This included important correspondence between David Hume and Horace Walpole and the very first Broons annual. There were also significant donations to the Library totalling a value of £58k.

Each year the Library plans to spend 100% of its Collection Fund budget supplied by the Scottish Government. In 2023/24 it managed to spend 88.5% of this total. This means that £115k has been added to the Collection Purchase Reserve and will be used over 2024/25. This can be seen within Note 16 on Page 61.

There was an increase of £406k in the value of the Library's Endowment funds reflecting the improved market conditions throughout 2023/24. Income in the year was just over £243k and there was expenditure of £146k to support Library activities such as conservation work and education activities. The surplus in the year has been added to the Voluntary Income Reserve for use when investment returns are less robust.

Going forward, the Library was informed in December 2023 that the Scottish Government grant in Aid, which forms the majority of its income, was to be reduced by 5% for the 2024/25 financial year. In response, the Library has implemented a number of cost reduction and income generation measures which reduced the original budget deficit and means that it is relying upon a use of General Reserves over 2024/2025 to sustain Library services. As noted above, the increase in General Reserves at the end of the 2023/2024 financial year must be seen in this

light. The Library is aware that it continues to face a number of significant financial challenges including future pressure on Grant in Aid income, the need to fund deferred maintenance and the pressure to increase salaries in line with any Scottish Government Pay Policy.

7. Policy in relation to Reserves

The Library holds reserves for a number of reasons and these are split between Restricted Reserves and Unrestricted Reserves. In relation to Restricted Reserves, the Library's Policy is to ensure that the amounts are available for use when required for the specific or limited intended purpose.

Those relating to Capital Assets, Revaluation and Donated Assets are largely accounting reserves and are not available to the Library for general use.

The use of a Collection Purchase Reserve has been agreed by the Board to help supplement the purchase of specific collection items.

The balance on the Designated Purpose Reserve represents a combination of the grants received to create assets other than Land & Buildings and the funding held for specified future purposes as agreed with a donor or a funder. These amounts will be released in future years to match any expenditure in the year.

The Voluntary Income Fund represents the unspent income from endowments. These amounts will be used in future years to further the specific purpose of the endowment to which it relates.

The Endowment - Capital Reserve comprises the total capital value of the bequests and large donations to the Library where either there is a restriction that capital should be preserved, attached to the bequest, or the Board have elected to preserve the principal amount.

The overall objective of the Reserves Policy relating to Unrestricted Reserves is to provide assurance that the solvency of the Library is not put at risk by short term variations in income or expenditure and to allow the Library to respond to unforeseen challenges or opportunities which may arise. Reserves are also needed to bridge the timing differences between spending and the receiving of payment from funders and to cover contingencies and potential events which may disrupt normal operational activities.

The level of Unrestricted Reserves will be calculated against risks to its main unrestricted income streams as follows;

Grant in Aid - minimum of 2%

Trading Income - minimum of 20%

Donations & Legacies - minimum of 20%

Charitable Activities - minimum of 20%

Using this method the minimum level of unrestricted reserves which should be held by the Library has been calculated as £802k. The current level of unrestricted reserves is £913k which is considered satisfactory.

Where reserves are in excess of the current requirement, consideration will be given to releasing them to fund invest to save projects or for activities that are critical to the delivery of the latest strategy.

The Audit Committee reviews the Reserves Policy and reserves at least once a year. The review includes the nature of the income and expenditure streams, the whole financial and business environment and assessment of risks facing the Library.

At the end of the 2023/24 financial year the Library's reserves were as follows.

	Library Reserves at 31/03/2023 £000	Library Reserves at 31/03/2024 £000
Restricted Reserves		
Capital Assets Fund	61,243	61,119
Revaluation Reserve	45,012	44,770
Donated Assets	2,836	2,893
Collection Purchase	378	493
Designated Purchase	5,729	6,527
Voluntary Income	260	357
Endowment - Capital	8,293	8,699
Unrestricted Reserve		
General Fund	597	913
Total	124,348	125,771

8. Principal Risks and Uncertainties

The Library has agreed a Risk Management Policy and Framework which outlines the roles, responsibilities and reporting arrangements in place for managing risk. At the centre of the

process is the use of a three tiered approach with Departmental, Corporate and Strategic Risk Registers.

Risk at departmental level is identified and managed by Associate Directors on Departmental Risk Registers. These registers are then supported by a Corporate Risk Register which is managed by the Library Leadership Team (LLT). The Corporate Risk Register is reviewed on a quarterly basis by LLT with any new risks escalated to the appropriate level. In conjunction with the Board, the Library then develops the Strategic Risk Register. The Strategic Risk Register is reviewed at least every six months, both by LLT and the Audit Committee, and is reported to the Library's Board. Each strategic risk is allocated an 'owner' who is responsible for ensuring that the risk is managed and that mitigating actions are taken. The Finance & Planning Department has responsibility for developing library-wide risk policy and monitoring conformance to it.

During the 2023/24 year the Strategic Risk Register continued to be refined and updated. The current Strategic Risk Register identifies ten strategic risks and the actions required to mitigate these. For each of these ten strategic risks the Board has agreed an Optimal Risk Position and a Tolerable Risk Position. The Optimal Risk Position is the level of residual risk with which the Library seeks to operate. The Tolerable Risk Position is the level of residual risk that the Library is willing to operate given current constraints for example financial resourcing and the need to continue to operate services. The Library seeks to move from the Tolerable Risk Position to the Optimal Risk Position as funding and circumstances allow.

At the end of the financial year the key risks along with the risk appetite/risk position and current assessment were as follows:

Number	Risk	Optimal Risk Position	Tolerable Risk Position	Current Assessment
S1	Significant loss or damage to the collections	Low	Moderate	Moderate
S2	Loss or interruption in service	Low	Moderate	Low
S3	Failure to comply with legal and/or statutory requirements	Low	Low	Low
S4	Reduction in financial resources	Moderate	High	High
S5	Failure to effectively manage and engage staffing resource	Low	Low	Low
S6	Major Projects are not delivered successfully within agreed parameters	Low	Moderate	Moderate
S7	Loss/Damage to external partnerships	Low	Low	Low
S8	Duty of Care	Low	Low	Low
S9	Failure to maintain the Library's reputation	Low	Moderate	Low
S10	A significant cyber-security breach	Moderate	High	High

There were four strategic risks at the end of the year where the current assessments are above the Optimal Risk Position. For S1 (Significant loss or damage to the collections) this reflects a review of collections protection measures and the identification of the requirement for some remedial works to bring the risk within the agreed appetite. In this instance, there is a programme of work underway and funding has been secured to carry out significant work over the 2023-2025 period. This project work has begun in the 2024/25 financial year and is the reason why Strategic Risk S6 (Major projects are not delivered successfully within agreed parameters) is outside its Optimal Position. Until this work is completed it is likely risks S1 and S6 will remain elevated. Key milestones in this Programme are being reported to the Audit Committee and Board.

The Strategic Risk S4 (Reduction in Financial resources) the current risk assessment was recently updated to 'High' to reflect the reduction in Scottish Government Grant in Aid. This is above the Optimal position of 'Moderate' and will likely remain in this heightened position until a more sustainable budget position is attained.

For S10 (Significant cyber breach) the Optimal Risk Position is Moderate and the current assessment is High. The Library has a Cyber Security Plan which it is working through and it expects to be able to downgrade the risk assessment once most of these tasks have been completed.

This high-level risk register provides the platform for ensuring that all major business risks are adequately controlled, thereby reducing the risk that the Library does not achieve its objectives.

9. Investments

The Trustees Act 2000 governs the Board Members' investment powers. The Board Members have agreed the Library's Treasury Management and Investment Policy and the Audit Committee is provided with details of the performance of the portfolio at each of its meetings and meets the investment managers annually. The Library has agreed a balanced approach to risk in terms of investment return and capital protection and growth. The Board has acknowledged that its investment time horizon is in excess of five years and short/medium terms reductions are possible in the value of the portfolio.

Investment advisers are appointed to manage the majority of the Library's investments and their performance is measured by comparing their return with appropriate benchmarks. During 2022/23 the Library undertook a retender for investment management services. As part of their work investment managers are required to consider environmental, social and governance (ESG) matters as part of the choice of investments for the Library, sign up to the UN Principles of Responsible Investment and avoid direct investments in tobacco and armaments.

There was an increase of £367k in the value of the Library's investments reflecting the improved market conditions throughout 2023/24.

10. Suppliers Payment Policy

The policy of the Library is to pay creditors within agreed commercial terms or within 30 days of receipt of a valid invoice - whichever is sooner. During the year the Library took an average of 19 days to settle invoices (2022/23: 23 days). The Library recognises, supports and is working towards the Scottish Government target of paying suppliers within ten days. During the year 38% of invoices were paid within ten working days (2022/23: 32%).

11. Environmental matters

Sustainability is an important theme in the Library's current strategy and each year it is planning to build upon the work done in previous years. By the end of 2023/24 the Library has achieved a reduction in CO2 emissions of 74.2% compared to its baseline year. A Climate Action Plan (CAP) for the period up to 2025 has been agreed, with responsibility for the achievement of actions delegated to specific staff. The Chief Operating Officer is the Lead for this work to ensure that there is formal participation at a senior level.

The CAP sets targets across a number of climate/sustainability indicators including a target reduction of 75.0% in CO₂ emissions from the baseline by the end of the period. This is a step towards the overall aim of the Library achieving net zero carbon by 2045. Progress with this is included in each Board report.

The Library's annual Public Sector Sustainability Reports which are available on the [Library's website](#) provides comprehensive data relating to the Library's sustainability activity.

12. Management of Information

The Library is fully committed to the data protection principles as detailed in UK General Data Protection Regulation (GDPR) and has a framework in place to help compliance with the specific requirements. There were three known breaches relating to personal data during the year. The severity of each of these is assessed using the [European Union Agency for Cybersecurity methodology](#) and none required to be reported to the Information Commissioner's Office (ICO)

The Library is fully committed to good information management and keeps its Records Management Plan, prepared under the Public Records (Scotland) Act 2011, under continual internal review and annual external assessment by the Keeper of the Records of Scotland.

13. Fundraising

The National Library of Scotland is an active fundraiser and directly employs a small team of professional fundraisers for this purpose. The Library does not currently use any external professional agencies or commercial operators.

All fundraising activity undertaken by the National Library of Scotland is compliant with the Code of Fundraising Practice and the Scottish Fundraising Standards Panel Fundraising Guarantee. Any persons fundraising in a voluntary capacity for the Library will receive a full briefing and will be required to adhere to the Code of Fundraising Practice and the Library's Ethical Fundraising policies. Their compliance with the Code of Fundraising Practice will be reviewed on an annual basis. There have been no complaints about fundraising activity during the year.

The National Library of Scotland has developed policies and procedures for working with vulnerable supporters, handling donations, ethical fundraising and financial accountability. It also has policies and procedures in place relating to the appropriate and proportionate processing and retention of personal data for fundraising purposes.

14. Plans for the Future

In September 2020 the Library agreed a strategy for the period 2020-2025 which concludes in the year the Library celebrates its centenary. The focus during 2023/24 and beyond will be the implementation of this strategy, adjusting to the post pandemic world and assessing the impact of the Scottish Government's 2022 Resource Spending Review on the Library.

As part of the strategy the Library has embarked on a number of new programmes and projects. This includes a programme of work on the preservation and digitisation of moving image and sound which will save from disintegration some of the most fragile formats in the country. A project to preserve, digitise and make available to the nation Scotland's newspaper heritage is also being developed.

Work on improving collections protection at the Causewayside building will also begin during 2024/25 and will complete by the end of that year.

In 2025 the Library will be celebrating its 100th anniversary. This is being run as a programme and the Board has been heavily involved in the planning and development of this. Various flagship projects have been planned over the year including a national tour, an exhibition and a campaign to celebrate the work done by libraries all around the country.

15. Appointment of Auditors

The financial statements of the Library are audited by independent auditors appointed by the Auditor General for Scotland. Audit Scotland, 102 West Port, Edinburgh, EH3 9DN were appointed from 1st April 2022 for a period of 5 years. The fee for audit services was £30,480 (2022: £28,750) which relates wholly to the provision of statutory audit services.

All of the accounting records have been made available to our auditors for the purposes of their audit and all transactions undertaken have been properly reflected and recorded in the accounting records. All other records and related information which might affect the truth and fairness of, or necessary disclosure in, the financial statements, including minutes of the Board and other relevant management meetings, have been made available and no such information has been withheld. Internal Audit services during the year were supplied by BDO, 4 Atlantic Quay, 70 York Street, Glasgow.

16. Other Professional Advisers and Bankers

Investment Advisers	Brewin Dolphin	144 Morrison Street, Edinburgh
	Rathbones	10 George Street Edinburgh
Legal Advisers	Anderson Strathern	1 Rutland Court, Edinburgh
Bankers	Bank of Scotland	The Mound, Edinburgh
	National Westminster Bank	135 Bishopsgate, London
Tax Advisers	Azets	Exchange Place, 3 Sempie Street, Edinburgh



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Date: 26 September 2024
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Sir Drummond Bone

Chair of the National Library of Scotland

Governance Statement

Introduction

The National Library of Scotland is committed to best practice in all aspects of corporate governance and this statement describes the principal governance provisions which currently apply.

Statement of Board Members' responsibilities

Under the National Library of Scotland Act, the Board Members are responsible for preparing a set of financial statements in accordance with applicable law and regulations.

The Board Members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charity and of the incoming resources and application of resources of the charity for that period.

In preparing the financial statement, the Board Members are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgments and estimates that are reasonable and prudent.
- Confirm that the financial statements meet the requirements of the Companies Act 2006 and Accounting Standards issued or adopted by the Accounting Standards Board as far as those are applicable and that they also comply with the Government Financial Reporting Manual (FRoM), the Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2019), the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the provisions of the charity's constitution and the Accounts Direction issued by Scottish Ministers which is reproduced as an appendix, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Board Members are responsible for keeping accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity. They are also responsible for safeguarding the assets of the

charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board Members are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Accountable Officer's Responsibility

Responsibility for delivering the objectives of the Library is devolved, under a Board approved Scheme of Delegation, to the National Librarian, supported by the Library Leadership Team. The National Librarian is also the Chief Executive of the Library and the Accountable Officer for the use of public resources. This delegation includes the preparation of the financial statements.

In preparing the financial statements, the Accountable Officer is required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgments and estimates that are reasonable and prudent.
- Confirm that the financial statements meet the requirements of the Companies Act 2006 and Accounting Standards issued or adopted by the Accounting Standards Board as far as those are applicable and that they also comply with the Government Financial Reporting Manual (FRoM), the Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2019), the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the provisions of the charity's constitution and the Accounts Direction issued by Scottish Ministers which is reproduced as an appendix, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.
- Confirm that the Annual Report and Financial Statements as a whole is fair, balanced, and understandable and take personal responsibility for the Annual

Report and Financial Statements and the judgements required for determining that it is fair, balanced, and understandable.

In signing this Governance Statement, the Accounting Officer, is confirming that they have taken all steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the Library's auditors are aware of that information. They are also confirming that there is no relevant audit information of which the auditors are unaware.

Scope of Responsibility

The respective responsibilities of the Scottish Ministers, the Board and the National Librarian are outlined in the [Framework Document](#) between the Scottish Government and Library. The role of the Board is to provide leadership, direction, support and guidance to ensure the Library delivers its functions effectively and efficiently in line with the aims, policies and priorities of the Scottish Ministers.

As Accountable Officer, the National Librarian is personally answerable to the Scottish Parliament in accordance with Section 15 of the Public Finance and Accountability (Scotland) Act 2000. The responsibilities of the Accountable Officer are described in the [Memorandum to Accountable Officers for Other Public Bodies](#).

The National Librarian along with the Board, has joint responsibility for maintaining a sound system of internal control that supports the achievement of the organisation's aims and objectives as set by the Scottish Ministers, whilst also safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them.

The National Librarian is responsible for the propriety and regularity of financial transactions under their control and for the economical, efficient and effective use of resources provided to the Library, for ensuring that arrangements have been made to secure best value and for signing the Library's financial statements. The National Librarian is also responsible for providing any necessary assurances to the Principal Accountable Officer to enable them to sign the Statement on Internal Control contained within the Scottish Government consolidated financial statements. The National Librarian has responsibility for ensuring that effective management systems are in place within the Library and that all risks are identified, assessed and managed appropriately.

Discharge of Board Responsibilities

To discharge its responsibilities the Board has met four times over the financial year. In addition, it held a separate 'Away Day' to focus on and undertake a cyber-security exercise. Every quarter the Board receives a report from the National Librarian covering key operational matters, a report on the progress with the annual Library Plan along with performance against key indicators, a finance report, minutes of Committee meetings and reports on specific topics as necessary. The management of the key strategic risks is also regularly considered by the Board. Other significant matters considered by the Board during 2023/24 included the following:

- Approving a number of major acquisitions and loans.
- Progress with the planning for the Library's centenary in 2025.
- Reviewing the Library's approach to Equalities, Diversity & Inclusion (EDI).
- The Library's Cultural Restitution Policy.
- Impact and Response to the British Library cyber-attack.

The Board has delegated certain responsibilities to following Committees of the Board:

- Audit Committee.
- Governance Committee; and,
- Staffing and Remuneration Committee.

Work of the Audit Committee over the year

The Audit Committee supports the Board in fulfilling its responsibilities for issues of risk and control and associated assurance through a process of constructive challenge. It makes recommendations to the Board and National Librarian on all aspects of finance, audit, risk and control. The Audit Committee held four virtual meetings over the financial year. In addition to the Committee members, the Chief Operating Officer, the internal auditors and the external auditors are invited to attend meetings. It is also attended by a representative from the Faculty of Advocates.

During the year the Committee considered:

- the Draft Annual Accounts, with particular attention to the critical accounting policies and disclosure obligations. Specific discussion was had on the appropriate level of reserves to be held by the Library.

- work of the external auditor, including their proposed annual audit report and ISA 260 requirement.
- detailed quarterly financial reports, considering whether adequate progress was being made with the Library's short and medium term financial plans.
- progress made with Collections Protection – and receiving reports from the Head of Estates on the actions taken against the agreed plan.
- progress made in relation to cyber security and other IT plans.
- long-term financial sustainability of the Library.
- the annual Procurement Report and progress being made in reducing 'off contract' spend across the Library.
- the procurement strategy for the Collections Protection work at Causewayside.

All audits conducted are fully compliant with the required Public Sector Internal Audit Standard (PSIAS). During the year internal audit services were undertaken by BDO. BDO was appointed from June 2019 as the result of a competitive tender exercise.

The internal audit activity in 2023/24 focussed on the following:

Area covered	Control Design - Assessment	Control Effectiveness - Assessment
Collections Control & Security (Class 1 Items)	Moderate - Generally a sound system of internal control designed to achieve system objectives with some exceptions.	Moderate - Evidence of non-compliance with some controls, that may put some of the system objectives at risk.
Data Protection	Moderate - Generally a sound system of internal control designed to achieve	Moderate - Evidence of non-compliance with some controls, that may put some

	system objectives with some exceptions.	of the system objectives at risk.
Staff Wellbeing	Substantial - There is a sound system of internal control designed to achieve system objectives.	Substantial – The controls that are in place are being consistently applied.
Equality & Diversity	Substantial - There is a sound system of internal control designed to achieve system objectives.	Substantial – The controls that are in place are being consistently applied.

Reports are produced for each of the areas with actions, timescales and staff responsibilities relating to the recommendations agreed. The reports are then considered by the Audit Committee. There is also a regular exercise to ensure that recommendations are being implemented in line with the agreed timescales.

The Audit Committee also continued to consider other reports linked to the Library's specific strategic risks. The May 2023 meeting received an update on the progress made with the Collections Audits which is linked to Strategic Risk 1 (Significant Loss or Damage to the Collections). An annual report is also made on any Losses/Thefts from the collections. Regular reports are received in relation to cyber security and general IT security preparedness.

As a result of this and other assurance work, the internal auditors have concluded, within the Annual Audit Report and Opinion, that:

- the risk management activities and controls in the majority of the areas examined were found to be suitably designed to achieve the specific risk management, control and governance arrangements.
- based on verification reviews and sample testing, the risk management, control and governance arrangements were operating with sufficient effectiveness to provide reasonable, but not absolute assurance that the related risk management, control and governance objectives were achieved for the period under review.

Reflecting on the course of its work in 2023/24, the Audit Committee is satisfied that it has highlighted any significant matters for the Board's attention.

Work of the Governance Committee

The Governance Committee supports the Board in fulfilling its governance responsibilities. It makes recommendations to the Board and National Librarian on all aspects of governance.

The Governance Committee met twice during the year. It considered;

- update to the Framework Agreement with the Scottish Government.
- the annual process of Board self-appraisal.
- new Board Member recruitment.
- the work of the NLS Foundation.

Work of the Staffing and Remuneration Committee

The Staffing and Remuneration Committee supports the Board in fulfilling its governance responsibilities relating to staff employment. It makes recommendations to the Board and National Librarian on all aspects of staff remuneration, benefits and employment conditions.

The Staffing and Remuneration Committee met three times during the year. At each meeting it received a Staff Report detailing key operational staffing information and issues of relevance to the Committee. As a matter of course it meets with staff representatives informally before the regular Committee meetings. Over the year the Staffing and Remuneration Committee considered:

- the annual pay award for staff and the National Librarian, recommending the latter to the Board.
- the results of the annual Staff Engagement survey and the progress made with actions agreed as part of previous survey responses.
- various human resources policies such as Career Break, Dignity at Work, Personal Relationships in the Workplace and Hybrid Working.
- the actions being taken with regard to health and safety, and employee wellbeing.
- the progress with the Library's Equalities, Diversity & Inclusion (EDI) Plan.

- the work being done in relation to staff training and development and the arrangements in place for appraisals.

Purpose of the System of Internal Control

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; evaluate the nature and extent of those risks; and, manage them efficiently, effectively and economically.

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 of public funds. It is mainly designed to ensure compliance with statutory and parliamentary requirements, promote value for money and high standards of propriety, and secure effective accountability and good systems of internal control. The process within the organisation accords with the SPFM and has been in place for the year ended 31st March 2023 and up to the date of approval of the financial statements and accords with guidance from the Scottish Ministers.

Risk and Control Framework within the Library

All bodies subject to the requirements of the SPFM must operate a risk management strategy in accordance with relevant guidance issued by the Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM.

The Library Leadership Team reviews internal control and manages risk as part of its routine business. Associate Directors are responsible for managing risk within their departments and for maintaining, reviewing and updating the Departmental Risk Registers to reflect significant changes in circumstances. Where risks are perceived to have increased above agreed levels, Associate Directors are required to identify additional actions to mitigate those increased risks.

Review of Effectiveness

As Accountable Officer and the Board Chair, we have responsibility for reviewing the effectiveness of the system of internal control. Our review is informed by:

- the Associate Directors and Directors within the organisation 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 Committee regular reports which include the Annual Audit Report and Opinion, which provides an independent and objective opinion on the adequacy and effectiveness of the organisation's systems of internal control together with recommendations for improvement; and,
- comments made by the external auditors in their management letters and other reports.

Assessment of Corporate Governance

The Library's arrangements for corporate governance comply with generally accepted best practice principles and relevant guidance as set out in the Scottish Public Finance Manual and therefore meet the governance requirements of the Board and Scottish Government.

Amina Shah

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Amina Shah

National Librarian

D Bone

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Sir Drummond Bone

Chair of the National Library of Scotland

Date: 26 September 2024
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Date: 26 September 2024
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Remuneration and Staff Report

Introduction

Notes 1-8 in the Remuneration and Staff Report and the accompanying tables have been subject to audit by the Library's external auditor. Notes 9-15 in the Remuneration and Staff Report are reviewed by the external auditor to ensure that they are consistent with the financial statements.

Note 1: Board Member Reimbursements

Board Members receive no remuneration but are reimbursed for travel expenses and any childcare expenses. Travel and subsistence expenses amounting to £356 (2022/23: £840) were paid to Board Members in respect of attendance at meetings. Two Board Members received reimbursement for expenses (2022/23: Five). Board Members do not receive any benefits in kind.

Note 2: Leadership Team Salaries and Pension Benefits

The total amount paid to the key management personnel amounted to £475,473 (2022/23: £523,758). No benefits in kind were provided by the employer (2022/23: £Nil). Performance bonuses and overtime are not paid to senior management.

Pension benefits for the Leadership Team were provided through the Civil Service pension arrangements. No payments were made to Partnership Pension Accounts.

The salary and pension entitlement earned individually by the Leadership Team members for the year to 31 March 2024 are detailed below.

Post	Postholder	2024	2024 Salary	Pension	2024	2023	2024 Accrued	Real Increase	CETV as	Real	CETV as
		Salary	(Full Time	Benefits	Total	Total	Pension	in Pension	at	Increase	at
		(Paid)	Equivalent)						31/3/2023	in CETV	31/3/2024
		£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
National Librarian & Chief Executive	Amina Shah	105-110	105-110	41	145-150	145-150	5-10	0-2.5	50	26	90
Chief Operating Officer	Anthony Gillespie	90-95	90-95	35	125-130	115-120	20-25	0-2.5	261	27	326
Director of Engagement	Jackie Cromarty	65-70	65-70	17	85-90	60-65	30-35 plus lump sum of 85-90	0-2.5 plus lump sum of 0	704	12	751
Director of Collections, Access & Research	Alison Stevenson	65-70	65-70	27	95-100	90-95	5-10	0-2.5	66	17	96
Director of Digital and Service Transformation	Rob Cawston (from 31/07/2023)	50-55	75-80	49	100-105	n/a	10-15	2.5-5	120	29	156
Director of Collections Management	Joe Marshall	65-70	65-70	25	95-100	90-95	10-15 plus lump sum of 15-20	0-2.5 plus lump sum of 0	198	15	238
Interim Associate Director of Digital	Gill Hamilton (to 30/06/2023)	15-20	65-70	(3)	10-15	145-150	40-50 plus lump sum of 95-100	0 plus lump sum of 0	1,083	(6)	1,137

Note 3: Fair Pay

Public sector reporting bodies are required to disclose the relationship between and the remuneration of the highest paid member of their management team and the 25th percentile, 50th percentile (median) and 75th percentile of the organisation's workforce.

They are also required to disclose the percentage change from the previous financial year in respect of the highest paid member of the management team director and the average percentage change from the previous financial year in respect of the employees of the entity taken as a whole.

In 2023/24 no employees received remuneration in excess of the highest paid member of the Library Leadership Team (2022/23: none).

Remuneration during the year including the highest paid member of the Library Leadership Team ranged from £22,129 to £106,472 (2022/23: £20,976 to £105,318).

The change in ratios above are in line with the current pay and reward models in place and particularly the Scottish Government Pay Policy for 2023/24.

	2023	2024	%
	£000s	£000s	Change in year
Salary & Allowances of highest paid employee	105-110	105-110	1.40%
	2023	2024	%
			Change in year
25th percentile pay ratio	4.31	4.08	-5.34%
50th percentile (Median) pay ratio	3.76	3.56	-5.32%
75th percentile pay ratio	2.98	2.82	-5.37%
	2023	2024	%
	£	£	Change in year
Salary of staff member in the 25th percentile	24,432	26,142	7.00%
Salary of staff member in the 50th percentile	28,044	30,007	7.00%
Salary of staff member in the 75th percentile	35,352	37,827	7.00%
Salary & Allowances of employees as a whole	35,038	34,917	-0.35%
Salary & Allowances of lowest paid employee	20,976	22,444	7.00%

Note 4: Pension Costs

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but National Library of Scotland is unable to identify its share of the underlying assets and liabilities which means we have to account for this scheme as if it is a defined contribution scheme. The scheme actuary valued the scheme as at 31st March 2020. You can find details in the resource accounts of the [Cabinet Office: Civil Superannuation](#).

For 2023/24 employers' contributions of £2.62 million were payable to the PCSPS (2022/23: £2.56 million) at one of the four rates in the range 26.6% to 30.3% of pensionable earnings based on salary bands (2022/23 – 26.6% to 30.3%). The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2023/24 to be paid when the member retires, and not the benefits paid during this year to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £19,797 (2022/23 - £14,409) were paid to one or more of the panel of appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% of pensionable earnings. Employers also match employee contributions up to 3% of pensionable earnings. Contributions due to the partnership pension providers at the balance sheet date were £Nil (2022/23 - £Nil). Contributions prepaid at that date were Nil (2022/23 - £Nil).

Note 5: Exit Packages

Where applicable, redundancy and other departure costs are paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where early retirements are agreed, the additional costs are met by the National Library of Scotland and not by the Civil Service Pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

	2023		2024	
	Total Packages (Number)	Exit Packages (Value)	Total Packages (Number)	Exit Packages (Value)
	£000		£000	
Exit Package Cost				
Less than £10,000	-	-	-	-
Between £10,000 - £24,999	1	23	-	-
Between £25,000 - £49,999	4	142	-	-
Between £50,000 - £99,999	2	157	-	-
Between £100,000 - £150,000	-	-	-	-
Total	7	322	-	-

Note 6: Employees whose emoluments exceeded £60,000.

Employees whose emoluments exceeded £60,000

	2023 Number	2024 Number
£60,000 to £69,999	5	3
£70,000 to £79,999	-	-
£80,000 to £89,999	1	-
£90,000 to £99,999	-	1
£100,000 to £109,999	1	1
Total	7	5

Note 7: Employee Analysis

The average number of staff by band and gender for 2023/24 was as follows.

	2023 Headcount	2024 Headcount
Full time		
Male	112	110
Female	111	117
Part time		
Male	30	25
Female	69	65
Total	322	317

This can be further analysed as follows.

	Male Headcount	Female Headcount	2024 Total Headcount
Leadership Team	2.7	3.3	5.9
Other Staff	132.3	178.7	311.1
Total	135.0	182.0	317.0

Note 8: Consultancy Spend/Off Payroll Arrangements

There was no spend on consultancy relating to staffing matters (2022/23: Nil) and no off-payroll arrangements during the year (2022/23: Nil).

Note 9: Staff Turnover

Staff turnover in 2023/24 was 9.0% (2022/23: 15.0%). The decrease over the year is a return to the long-term trend. The spike in 2022/23 can largely be attributed to a Voluntary Early Exit scheme which took place in that year.

Note 10: Staff Remuneration Policy

The Library remunerates staff under an agreed Pay & Grading system designed and introduced in 2014 to ensure fair and equitable treatment. The current system was developed with the staff unions through the collective bargaining arrangements. All staff are covered by this Pay & Grading system with the exception of the National Librarian. The remuneration of the National Librarian is determined by the Board of the Library but must comply with the Scottish Government's Pay Policy for Senior Public Appointments and is approved and monitored by the Scottish Government.

The Library operates delegated pay and grading arrangements and is responsible for negotiating pay settlements within a pay remit agreed with the Scottish Government. Any pay settlement is agreed by the Staffing & Remuneration Committee. Although staff are not civil servants, the Library follows the principles of the Civil Service Commissioners' Recruitment Code, which requires all appointments to be made on merit on the basis of fair and open competition.

The majority of Library staff are employed on permanent contracts though a number are employed on fixed term contracts. All are entitled to join the Civil Service pension arrangements. Notice periods are set by the Library and are those generally in use in the public

sector. Termination payments are paid in accordance with the Civil Service Compensation Scheme.

Note 11: Staff Absence

Average sickness absence for 2023/24 was 8.9 days (2021/22: 9.0 days) which was a small decrease on the previous year.

The Library has an Attendance Management Policy and Procedure which aims to provide a framework to manage and support attendance, reduce absence and provide a basis for fair and consistent decision-making on the management of employees who are not attending for work regularly. Over the year the Library has continued to support more homeworking and a hybrid form of homeworking/working in Library buildings. This has worked well and will be continued into the future.

Note 12: Staff Engagement

The Library regularly undertakes staff surveys with the last undertaken in 2022. The scores overall were positive and reflect well on the Library's handling of the pandemic. When compared to the 2021 survey, improvements were seen in many areas including communication and leadership. The areas for improvement relate to staff workload in certain areas and skills development.

The Library is committed to developing effective communications with all employees to enable them to be informed, motivated and able to support the Library's objectives and users. All-staff meetings are held on a quarterly basis where the National Librarian provides an update on recent developments. Departments and teams also hold regular staff meetings. There is a cascade system for decisions from the Library Leadership Team and the intranet is also heavily used for both formal and informal communication.

Note 13: Equal Treatment

The Library maintains, develops and monitors equality objectives relating to staffing and in June 2023 published the most recent update in this area on the Library website in the form of an [Equalities Mainstreaming Progress Report](#). The Library also conducts equality impact assessments as required and offers training and awareness events in this area.

The [Equalities Mainstreaming Progress Report](#) details a mean gender pay gap of 2.55 % in favour of women and a median gender pay gap of 0.00% i.e. no difference.

Applications from people with disabilities for employment or promotion are offered additional support throughout the process and we have procedures in place to ensure applicants are not disadvantaged and given full and fair consideration for our advertised roles.

Note 14: Health, Safety and Security at Work

The Library aims to provide safe and healthy workplaces and spaces for employees and visitors. It uses health & safety risk assessments to protect from hazards and employs trained health & safety staff as well as training staff across the organisations.

The Library also runs a wellbeing group which runs regular events highlighting the benefits of healthy eating, physical exercise and the importance of mental health awareness.

Should staff have serious concerns about what is happening at work, there is a Whistleblowing Policy which allows for concerns to be raised confidentially with a range of internal and external contacts. The Library's Whistleblowing Policy is compliant with the Public Concern at Work (PCaW) Code of Practice and the Library was one of the 'First 100' signatories.

Note 15: Trade Union Relationships

The Library recognises three trade unions, First Division Association (FDA), Public & Commercial Services Union (PCS), and Prospect, and works closely with both local and national union officials on matters such as health and safety, training and development and employee well-being. In addition, there is a formal joint consultative mechanism with the trade unions, the Whitley Council, which currently meets four times a year. The Whitley meetings are chaired by the National Librarian. Additionally, a union representative attends meetings of the Board as an observer. Monthly informal meetings are held with the trade unions and HR to discuss and take forward a number of matters.

Under statute some public bodies, including the Library are required to disclose the facility time provided to trade unions.

Relevant Union Officials

Number of employees who were relevant union officials during the relevant period	15
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Full time equivalent employee number	13.15
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Percentage of time spent on facility time

Percentage of time	Number of employees
0%-0.99%	5
1-50%	10

Percentage of pay bill on facility time

Total cost of facility time (£'000)	12
Total pay bill (£'000)	13,483
Percentage of total pay bill spent on facility time (%)	0.09%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	16.40%
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Independent auditor's report to the members of National Library of 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 Financial Statements of National Library of Scotland for the year ended 31 March 2024 under the National Library of Scotland Act 2012 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. The financial statements comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows, and notes to the financial statements, including a summary of material accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion the accompanying financial statements:

- give a true and fair view of the state of the body as at 31 March 2024 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the National Library of Scotland Act 2012 and directions made thereunder by the Scottish Ministers, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of The Charities Financial Statements (Scotland) Regulations 2006.

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 and Board Members for the financial statements

As explained more fully in the Statement of Accountable Officer's Responsibility and Statement of Board Members' Responsibilities, the Accountable Officer and Board Members' are 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 and Board determine 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 and Board Members are 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 Library of Scotland Act 2012 and directions made thereunder by the Scottish Ministers, the Charities and Trustee Investment (Scotland) Act 2005, and The Charities Financial Statements (Scotland) Regulations 2006 are significant in the context of the body;
- inquiring of the Accountable Officer 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 concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework;
- discussions among my audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

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

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

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

Reporting on regularity of expenditure and income

Opinion on regularity

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

Responsibilities for regularity

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

Reporting on other requirements

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

I have audited the parts of the Remuneration and Staff Report described as audited. In my opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the National Library of Scotland Act 2012 and directions made thereunder by the Scottish Ministers.

Other information

The Accountable Officer and Board are responsible for the other information in the Annual Report and Financial Statements. The other information comprises the Annual Report of the Board and the Governance Statement.

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 Annual Report of the Board 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 Annual Report of the Board and Governance Statement

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

- the information given in the Annual Report of the Board 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 Library of Scotland Act 2012 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 Library of Scotland Act 2012 and directions made thereunder by the Scottish Ministers.

Matters on which I am required to report by exception

I am required by The Charities Accounts (Scotland) Regulations 2006 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 Financial Statements, 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.

Andrew Kerr

Andrew Kerr CA

Audit Scotland

4th Floor, South Suite, The Athenaeum Building

8 Nelson Mandela Place,

Glasgow

G2 1BT

26 September 2024

Andrew Kerr is eligible to act as an auditor in terms of section 21 of the Public Finance and Accountability (Scotland) Act 2000.

Statement of Financial Activities for the year ended 31st March 2024

2023	Note(s)	Restricted Funds	Endowment Funds	Unrestricted Funds	2024	
£000		£000	£000	£000	£000	
Income & Endowments from:						
1,091	Donations & Legacies	3	107	-	1,342	1,449
752	Charitable Activities	3	-	-	674	674
98	Other Trading Activities	3,4	-	-	166	166
222	Investments	3	243	-	150	393
17,505	Other - Grant-in-Aid	2	1,632	-	17,976	19,608
19,668	Total		1,982	-	20,308	22,290
Expenditure on:						
411	Raising Funds	5	39	-	446	485
10,442	Collection Development	5	107	-	10,353	10,460
6,275	User Access to Collections	5	-	-	6,635	6,635
473	Strategy and Communications	5	-	-	554	554
660	Collection Purchases	5	669	-	5	674
507	Governance	5	-	-	491	491
3,659	Depreciation	5	-	-	3,717	3,717
22,427	Total	5	815	-	22,201	23,016
(506)	(Losses)/Gains on investments	10	-	406	-	406
(3,265)	Net Income/(Expenditure)		1,167	406	(1,893)	(320)
Transfers between Funds						
	- Release in respect of depreciation		(3,008)	-	3,008	-
	- Other Transfers		798	-	(798)	-
Other recognised Gains						
5,240	Gains/(Losses) on the revaluation of fixed assets	8	1,686	-	-	1,686
1,983	Donated Assets	9	57	-	-	57
3,958	Net movement in Funds		700	406	317	1,423
Reconciliation of Funds						
120,390	Fund balances brought forward at 1 April	16	115,458	8,293	597	124,348
124,348	Fund balances carried forward at 31 March	16	116,158	8,699	914	125,771

All incoming and outgoing resources derive from activities in furtherance of the Library's objectives and all activities are classed as continuing. There is no material difference between the outgoing resources for the financial year stated above and their historical cost equivalents.

The notes on pages 44 to 65 form part of these financial statements.

Balance Sheet as at 31st March 2024

		2023	2024
		£000	£000
Fixed Assets	Note		
Tangible Assets	8	69,378	68,316
Heritage Assets	9	42,646	43,027
Investments	10	7,745	8,112
Total fixed assets		<u>119,769</u>	<u>119,455</u>
Current Assets			
Stocks	12	33	34
Debtors	11	3,640	3,159
Cash at bank and in hand	13	2,175	4,564
Total current assets		<u>5,848</u>	<u>7,757</u>
Creditors - amounts falling due within one year	14	<u>(1,195)</u>	<u>(1,348)</u>
Net current assets		<u>4,653</u>	<u>6,409</u>
Total assets less current liabilities		<u>124,422</u>	<u>125,864</u>
Provisions for Liabilities and Charges	15	<u>(74)</u>	<u>(93)</u>
Net assets		<u><u>124,348</u></u>	<u><u>125,771</u></u>
The funds of the charity:			
Endowment funds	16	8,293	8,699
Restricted funds			
Capital Assets Fund	16	61,243	61,119
Revaluation Reserve	16	45,012	44,770
Donated Assets	16	2,836	2,893
Collection Purchase	16	378	493
Designated Purpose	16	5,729	6,527
Voluntary Income	16	260	357
Unrestricted Funds			
General Fund	16	597	913
Total Charity Funds		<u>124,348</u>	<u>125,771</u>

The Board approved these financial statements on the 25th September 2024 and the Accountable Officer authorised them for issue on the same date.

Amina Shah

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Amina Shah

National Librarian & Accountable Officer

Sir Drummond Bone

.....

Sir Drummond Bone

Chair of the National Library of Scotland

The notes on pages 44 to 65 form part of these financial statements.

Statement of Cash Flows for the year ended 31st March 2024

	Note	2023 £000	2024 £000
Cash flows from operating activities			
Surplus/(Deficit) for the financial year as per the SOFA		(3,265)	(320)
Depreciation on tangible fixed assets	8	3,659	3,717
Non cash movement in restricted funds		43	39
Dividends & interest from investments		(222)	(393)
Losses/(Gains) on investments	16	506	(406)
(Increase)/Decrease in stock	12	1	(1)
(Increase)/Decrease in debtors	11	(507)	480
Increase/(Decrease) in creditors and provisions	14/15	67	65
Net cash inflow from operating activities		282	3,181
Cash flows from investing activities			
Additions to fixed assets		(716)	(862)
Dividends & interest from investments		222	393
Purchase of items for the collections		(481)	(323)
Net cash (used in) investing activities		(975)	(792)
Cash flows from financing activities			
Increased investment in endowment funds		-	-
Net cash (used in) financing activities		-	-
Change in cash in the reporting year		(693)	2,389
Cash at 1 April	13	2,868	2,175
Cash at 31 March	13	2,175	4,564

The notes on pages 44 to 65 form part of these financial statements.

Notes to the Financial Statements for the year ended 31st March 2024

1. Accounting policies

a. Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of fixed assets and the inclusion of investments at market value, in accordance with directions given by the Scottish Ministers under paragraph 12 of the Schedule to the National Library of Scotland Act 2012. The Accounts Direction given by the Scottish Ministers is produced as an appendix to these financial statements.

We have adopted the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1st January 2015).

The financial statements incorporate the transactions and balances of the Library, its bequests and other acquisition and cataloguing funds up to 31st March each year. Of these bequests, only the income from the Alexander Grant Fund (Net Assets: £1.982 million) is solely available for the general purposes of the Library, the other funds being restricted in use to different degrees. Amounts are rounded to the nearest thousand.

Without limiting the information given, the financial statements meet the requirements of the Companies Act 2006 and Accounting Standards issued or adopted by the Accounting Standards Board as far as those are applicable. They also comply with the Government Financial Reporting Manual (FReM), the Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2019), the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), the provisions of the charity's constitution and the Accounts Direction issued by Scottish Ministers which is reproduced as an appendix. The Library is a public benefit entity as defined by FRS102 whose primary objective is to provide goods or services for the general public, community or social benefit and where any equity is provided with a view to supporting the entity's primary objectives rather than with a view to providing a financial return to equity providers, shareholders or members.

The financial statements have been prepared on a going concern basis with consistently applied accounting policies.

b. Fund Accounting

The Library applies fund accounting to the resources under its control. Fund accounting distinguishes between two primary classes of fund: those that are unrestricted in their use, which can be spent for any charitable purposes of a charity, and those that are restricted in use, which can only be lawfully used for a specific charitable purpose.

Restricted funds can only be used for particular purposes specified by or agreed with the donor. Permanent endowment funds are funds where the capital must be retained and invested. General funds may be used for any purpose within the Charity's objects.

c. Tangible fixed assets and depreciation

Title to the Land and Buildings used by the Library is either held in the name of the Scottish Ministers, the name of the Board or by the Faculty of Advocates and occupied under license. The method of valuation for properties of a specialised nature, that is land and buildings for which there is effectively no market, is depreciated replacement cost. Other properties have been valued at either open market value or existing use value. Full valuations of land and buildings are undertaken every five years and buildings are updated in intervening years by applying appropriate cost indices. Fixed assets other than buildings are held at cost. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

All items of capital expenditure costing in excess of £5,000 are treated as additions to fixed assets.

Depreciation is provided in equal annual instalments on all fixed assets over their estimated useful lives, as follows:

Buildings	over 10 to 40 years
Motor Vehicles	over 5 to 8 years
Equipment and Machinery	over 4 to 10 years
Computer Equipment	over 4 to 5 years

No depreciation is provided on land or capitalised collection items. All assets are subject to impairment reviews where there is an indicator of potential impairment. Such reviews are conducted by reference to market value of the related asset or its value to the Library. Depreciated historic cost has been used as a proxy for the current value of motor vehicles, plant and equipment and computer equipment. All of the assets in these categories have:

- low values and short economic lives which realistically reflect the life of the asset, and
- a depreciation charge which provides a realistic reflection of consumption.

d. Incoming resources

Government and other grants

Grant in Aid received from the Scottish Government is credited to the Statement of Financial Activities (SOFA) in the year in which it is received. When the grant is utilised in the creation of tangible assets the amount is transferred to the Capital Asset Fund, and amounts are subsequently transferred back to the General Fund as the related assets are depreciated. Grant in Aid for the purchase of items for the Library's collections is given specifically for this purpose and is credited to Restricted Funds.

Income from other grants is recognised when the Library has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Other income

All other income is accounted for on a receivable basis and recognised in the Statement of Financial Activities. Donations and Legacies are included on a cash received basis.

Income from Revenue Earning Activities is disclosed within the financial statements on a gross accounting basis.

e. Resources expended

Expenditure is classified in the Statement of Financial Activities under the principal categories of charitable activities, costs of generating income and governance. Charitable expenditure comprises direct expenditure attributable to the principal

functions of the Library and support costs. Expenditure has been attributed to departments, where possible on an actual basis and otherwise in proportion to the direct costs of each of those departments.

The Library's principal functions are collection development, providing user access and the development of the Library's functions. The costs of the Library's corporate services department are allocated across the charitable expenditure. These costs include the cost of maintaining the Library's buildings and providing other support services within the Library.

Governance costs are those incurred in connection with the management of the Library's assets, organisational administration and compliance with statutory requirements. All expenditure is included on an accruals basis and is recognised when there is a legal or constructive obligation to pay.

f. Investments

The Library's endowment funds are partly held in the form of listed investments from which income is derived and used to meet the specific objects of the funds. These investments are shown at market value in accordance with the Charities SORP 2019. Amounts realised on disposal of assets are reinvested within the funds. Realised and unrealised gains are included in the Statement of Financial Activities.

The investment policy is determined by the Board in accordance with the wishes of the donors and is implemented by professional investment advisers. The Board has instructed the investment advisers not to invest in anything that would bring the Library into disrepute.

g. Stocks

Stock held for the shop is shown at cost price within the Balance Sheet. All other stocks are immediately expensed to the Statement of Financial Activities.

h. Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

i. Creditors & Provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

j. Taxation

The Library is a registered charity and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of the charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

The Library has special VAT status. It is specifically listed in Section 33a of the VAT Act 1994 and HM Revenue and Customs Notice 998. This VAT status allows the Library to recover (in full) any VAT that is incurred on expenses linked to free rights of admission. There are two specific instances which are not covered by Section 33a and in these circumstances non-recoverable Value Added Tax arising from expenditure is charged in the Statement of Financial Activities.

k. Foreign currency

Income and expenditure in foreign currencies are converted to sterling at rates approximate to those ruling at the date of each transaction.

l. Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), which is a defined benefit scheme and is unfunded.

The Library recognises the expected cost of providing future pensions over the period during which it benefits from employees' services. Ascertained future costs connected

with early retirement or early departure are recognised in full in the year in which an individual leaves the Library's service.

m. Leases

Leases where substantially all the risks and rewards of ownership of the related asset do not pass to the Library are treated as operating leases. Rentals are charged to the Statement of Financial Activities on a straight line basis over the term of the lease.

n. Reserves

Reserves are held as follows:

Capital Assets Fund

Grants utilised in the creation of Tangible Assets are credited to the Capital Asset Fund. Amounts are then released from the Fund and credited to the General Fund as the related assets are depreciated. Collection items with a value in excess of £5,000 are capitalised within Heritage Assets, and the associated Grant in Aid funding credited to the Capital Assets Fund.

Revaluation Reserve

Land and Buildings are revalued every five years. The difference between the revalued amount and historical cost is included within the Revaluation Reserve. This fund is used to offset the additional depreciation arising from any increased valuations and for any future reductions arising from reviews.

Collection Purchase Reserve

Grant in Aid and other conditional grants received specifically for the purchase of Collection items are credited to the Collection Purchase Reserve, expenditure on Collection items is debited to the Collection Purchase Reserve. Collection items with a value in excess of £5,000 are capitalised within Heritage Assets, and the associated Grant in Aid funding credited to the Capital Assets Fund.

Donated Assets Reserve

Heritage assets donated to the Library by third parties, either by gift of the asset or 'in lieu of tax', are capitalised at an estimated current value on receipt. This value is credited to the Donated Assets Reserve.

Designated Purposes Fund

The Designated Purposes Fund comprises three elements:

- Grants utilised in the creation of Tangible Assets other than Land and Buildings are credited to the Designated Purpose Fund. Amounts are then released from the Fund and credited to the General Fund as the related assets are depreciated.
- Grants utilised in prepaying the lease for Kelvin Hall have been credited to the Designated Purpose Fund. Amounts are then released annually from the Fund and credited to the General Fund to match the profile of lease/rental payments.
- Funding held for a specified future purpose as agreed with a donor or a funder. The balance on this element of the funds represents amounts which have not yet been used and are available to meet future restricted expenditure. Funds are released from reserves to match the expenditure in the year.

Voluntary Income Fund

The Board and management of the Library have operational control of the balances of endowment funds. These funds are invested and the investment income generated is credited to Voluntary Income Fund. Any expenditure is charged to the Fund along with any investment management charges. The balance on the Fund therefore represents the unspent income from endowments which will be used in future years to further the specific purpose of the endowment.

Endowment - Capital

This reserve is credited or debited with changes in the capital value of endowments where there is a restriction that capital should be preserved attached to the bequest or the Board have elected to preserve the principal amount.

General Fund

The General Fund represents the free reserves of the Library, the purpose of which is to cover contingencies and potential events which may disrupt normal operational activities.

- o. Relationship between the Library and the Agency for the Legal Deposit Libraries

As the Library has an undertaking, other than a subsidiary undertaking, in which it has

an investment representing 20% of the voting rights and over which it exerts significant influence, this is treated as an associated undertaking. Group financial statements are not prepared on grounds of materiality. (See Note 21)

p. Impairment

The carrying value of the Library's assets is reviewed at each statement of financial position date to determine whether there is any indication of impairment. An impairment loss is recognised in the expenditure account whenever:

- The carrying value of assets exceeds the recoverable amount; or
- The residual value has fallen below that originally estimated; or
- The economic life of the asset is lower than originally estimated.

q. Estimation Techniques

In the interim years between professional revaluations, the Library's Land and Building are revalued using the Building Cost Information Services (BCIS) All In Tender Price index.

r. Heritage Assets

The Library's collections as at 1st April 2001 are not included in the balance sheet as data is not available to cover that period. The Board is of the opinion that reliable information on cost or valuation is not readily available for the bulk of the Library's collection of Heritage Assets. This view has been reached due to the number of items, lack of comparative market values and the diverse nature of the collection.

Individual items acquired after 1st April 2001 with a value at the date of acquisition in excess of £5,000 are capitalised at cost (see Note 9). The amount of any grants received towards the purchase of such items is transferred to the Capital Assets Fund on the balance sheet. Under HM Treasury guidance, heritage assets items are not depreciated or revalued.

2. Other Grant-in-Aid

	2023	2024
	£000	£000
Grant-in-Aid Received		
Running Costs	15,655	16,808
Capital	850	1,800
	<u>16,505</u>	<u>18,608</u>
Purchase Grant	1,000	1,000
Total Received during year	<u>17,505</u>	<u>19,608</u>

3. Analysis of Income

Analysis of Income	2023	Restricted Funds	Un restricted Funds	2024 Total
	£000	£000	£000	£000
Donations & Legacies				
General Grants	1049	107	1,289	1,396
Donations	42	-	53	53
	<u>1091</u>	<u>107</u>	<u>1,342</u>	<u>1,449</u>
Charitable Activities				
Property rental	43	-	50	50
Agency services	77	-	86	86
Reprography	200	-	221	221
Sundry income	432	-	317	317
	<u>752</u>	<u>-</u>	<u>674</u>	<u>674</u>
Other Trading Activities				
Shelving Rental	20	-	15	15
Box Making Income	10	-	42	42
Shop & Café Income	68	-	109	109
	<u>98</u>	<u>-</u>	<u>166</u>	<u>166</u>
Investments				
Investment Income	222	243	150	393

Other - Grant In Aid

Grant In Aid	17,505	1,632	17,976	19,608
Total Income & Endowments	19,668	1,982	20,308	22,290

By comparison, in the year ended 31 March 2023, Charitable Activities, Other Trading Activities and General Grant income related only to Unrestricted Funds. Donations and Legacies was split £1043k of Unrestricted and £48k of Restricted funds, Grant in Aid was split £16,240k of Unrestricted and £1,265k of Restricted. Investment Income was split £40k of Unrestricted and £182k of Restricted.

4. Other Trading Activities

	2023	2024
	£000	£000
Income		
Shelving Rental	20	15
Box Making Income	10	42
Café and Shop Income	68	109
Total Income	98	166
Less: Costs		
Cost of sales	(66)	(103)
Direct wages	(51)	(86)
Administration	(7)	(12)
Total Costs	(124)	(201)
Surplus/(Deficit) for the year:	(26)	(35)

5. Analysis of Expenditure

The allocation of support costs is in direct proportion to the direct costs of these activities after adjustments for depreciation, acquisition and use of fixed assets, and the costs of activities, such as shop and café costs, unique to any area of activity.

Analysis of Expenditure	2023 Total £000	Direct Costs £000	Support Costs £000	2024 Total £000
Raising Funds				
Raising Donations & Legacies	247	217	28	245
Expenditure on Other Trading Activities	124	84	117	201
Investment Management costs	40	39	-	39
	411	340	145	485
Charitable Activities				
Collection Development	10,442	5,987	4,473	10,460
User Access to Collections	6,275	3,572	3,063	6,635
Strategy and Communications	473	315	239	554
Collection Purchases	660	674	-	674
Governance	507	299	192	491
Depreciation	3,659	3,717	-	3,717
Total Resources Expended	22,016	14,564	7,967	22,531
Total Expenditure	22,427	14,904	8,112	23,016

By comparison, in the year ended 31 March 2023, Total Expenditure on User Access to Collections, Strategy and Communications, Governance and Depreciation relate only to Unrestricted Funds. Total expenditure on Raising Funds was split £371k Unrestricted and £40k of Restricted, Collection Development was split £10,281k of Unrestricted and £161k of Restricted and Collection Purchases was split £19k of Unrestricted and £641k of Restricted.

6. Staffing Costs

Staff costs during the year were as follows.

	2023 £000	2024 £000
Wages and salaries	9,938	9,878
Social Security costs	948	901
Pension costs	2,576	2,620
Agency staff costs	177	84
Total	13,639	13,483
Accounted for within:		
Unrestricted Funds	13,478	13,376
Restricted Funds	161	107
Total	13,639	13,483

The average number of Full Time Equivalent (FTE) staff during the year was as follows.

	2023	2024
	Number	Number
Access	42	42
Acquisitions & Description	58	60
Business Support	58	59
Collections & Research	69	64
Digital	36	36
External Relations & Governance	14	16
National Librarian's Office	4	4
Total	281	281

More detail on Staffing Costs is included in the Remuneration and Staff Report.

7. Other Operating Charges

	2023	2024
	£000	£000
General		
Administration expenses	508	548
Operating lease rentals (see note below)	35	18
Travel, subsistence and hospitality	135	163
Office equipment and supplies	164	134
Purchases/Grants relating to Collections	660	674
Digitisation of the Collections/Web Development	26	55
Exhibitions	210	224
Copyright Agency	155	166
Computer Services	614	815
Record purchase	11	12
Audit fees (see note below)	43	44
Conservation and Preservation	54	63
Consultancy	47	146
Depreciation	3,659	3,718
Sub-total	6,321	6,780
Buildings		
Utilities	551	792
Rent, rates and service charges	206	167
Lease of Land and Buildings	310	340
Buildings maintenance	1,380	1,437
Furniture	7	12
Transport	13	5
Sub-total	2,467	2,753
Total	8,788	9,533

Operating lease rentals are paid in respect of rental of buildings and general office equipment. Included in Audit Fees is £30,480 in relation to External Audit services for 2023/24 provided by Audit Scotland.

8. Tangible Assets

	2023 Total	Land and Buildings	Motor vehicles	Equipment and Machinery	Computer equipment	2024 Total
COST OR VALUATION	£000	£000	£000	£000	£000	£000
Balance at 1 April 2023	103,166	102,749	151	5,421	3,043	111,364
Additions	716	632	-	147	189	968
Disposals	(402)	-	-	-	(215)	(215)
Revaluation / Indexation Adjustment	7,883	2,644	-	-	-	2,644
Balance at 31 March 2024	111,363	106,024	151	5,568	3,018	114,762
ACCUMULATED DEPRECIATION & IMPAIRMENT						
Balance at 1 April 2023	36,085	36,304	42	3,260	2,380	41,986
Charge for the year	3,659	3,008	14	429	267	3,717
Disposals	(402)	-	-	-	(215)	(215)
Revaluation/Indexation Adjustment	2,643	958	-	-	-	958
Balance at 31 March 2024	41,985	40,270	56	3,689	2,432	46,446
NET BOOK VALUE						
At end of period	69,378	65,754	95	1,879	585	68,316
At start of period	67,092	66,445	109	2,161	663	69,378

Land and Buildings includes £3.160 million (2022/23: £3.160 million) in respect of land which is not depreciated.

At 31st March 2020 all Land and Buildings were revalued by Shepherds, a firm of chartered surveyors, on the basis of Depreciated Replacement Cost for buildings of a specialised nature and on the basis of Existing Use Value for other buildings. The valuation was carried out by a Member of the Royal Institute of Chartered Surveyors (MRICS).

Depreciated Replacement Costs were derived by the valuers on the basis of land values and estimated current construction costs, including professional fees and finance costs for each individual property. The amount by which replacement cost for each property was discounted to arrive at Depreciated Replacement Cost was assessed by the valuers on the basis of the

current condition and state of repair of the property concerned (rather than by time apportioning over the estimated total life of the property).

9. Heritage Assets

A Heritage Asset is defined as a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

The value held by the Library comprised.

	2020	2021	2022	2023	2024
	£000	£000	£000	£000	£000
Balance of capitalised items at 1 April	39,108	39,660	39,850	40,183	42,646
Acquired at cost with a value exceeding £5,000	472	168	228	481	323
Acquired via donation with a value exceeding £5,000	80	22	105	1,982	58
Balance at 31 March	39,660	39,850	40,183	42,646	43,027

The Library's Collection Development Policy is available on the [website](#) and details the Library's approach across the various formats and subjects. The collections can be accessed online with digital resources available following registration. Material can also be consulted in the Library's reading rooms. There is also a year-round programme of events and exhibitions.

The Library's Scottish Treasures are of major significance for the nation. Collections include the last letter written by Mary Queen of Scots, the earliest manuscript maps of Scotland and the first book printed in Scotland. Four items from the collections were among the first ten inscriptions to the UNESCO UK Memory of the World Register in 2010.

The Board is of the opinion that reliable information on cost or valuation is not available for the Library's collection of Heritage Assets. As such the collections cannot be valued meaningfully. This view has been reached due to the number of items, lack of comparative market values and the diverse nature of the collection, so that reliable cost or valuation information cannot be obtained.

Collections as at 1st April 2001 are not included in the balance sheet as data is not available for that period. Acquisitions for collections of individual items with a value at the date of acquisition in excess of £5,000 have been capitalised since 1st April 2001 and are included in the balance sheet at cost. Depreciation is not charged and the items are not revalued. Items donated to the Library by third parties, either by gift of the asset or 'in lieu of tax', are capitalised at an estimated current value on receipt. Expenditure on Preservation and Conservation is recognised within the Statement of Financial Activities when it is incurred.

10. Investments

	2023	2024
	£000	£000
Cash held by investment managers	208	117
UK Investments (Market Value) held by Investment managers	2,666	3,275
Total UK holdings with investment managers	<u>2,874</u>	<u>3,392</u>
Overseas Investments (Market Value) held by investment managers	3,407	4,039
Other Investments	<u>1,464</u>	<u>681</u>
Total (Market Value) held by investment managers	<u>7,745</u>	<u>8,112</u>
Endowment Cash balances held by the Library	807	944
Total Endowment Funds holdings	<u>8,553</u>	<u>9,056</u>
Listed investments - at cost	7,210	7,417

The change in the market value of investments can be analysed as follows:

	£000
Opening Value of Investments at 1 April 2023	7,745
Charges & Income Withdrawn	(238)
Income Received	213
Capital Investment	-
Capital Appreciation/(Depreciation)	<u>392</u>
Closing Value at 31 March 2024	<u>8,112</u>

All funds, excluding smaller charitable donations, are treated as endowment funds, in that the capital is preserved, in accordance with Board policy and where applicable, the conditions associated with the original gift or bequest. The income arising from the funds is applied in

accordance with the wishes of the donors, primarily for making appropriate additions to the collections of Books and Manuscripts. There are also two Trust funds established for the benefit of the Library, to which the Library may apply for financial support for appropriate activities. During the year, the Library received £133,343 (2022/23: £39,916) from these Trust funds.

11. Debtors

	2023	2024
	£000	£000
Trade debtors	90	50
Other debtors	6	8
Provision for impairment of debtors	(37)	(8)
VAT recoverable	360	361
Prepayments and accrued income	3,221	2,748
Total	3,640	3,159

Intra Government balances, included above;

Balances with other Central Government bodies	428	382
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No bad debts were written off during the year.

12. Stocks

	2023	2024
	£000	£000
Stock for shop trading activities	33	34

13. Cash at Bank and in Hand

	2023	2024
	£000	£000
Government Banking Services	1,962	4,536
Other current accounts	212	27
Cash	1	1
Total	2,175	4,564

14. Creditors - amounts falling due within one year

	2023	2024
	£000	£000
Other creditors	485	532
Taxation and social security	512	501
Accruals and deferred income	198	315
Total	1,195	1,348

Intra Government balances, included above;

Balances with other Central Government bodies	631	590
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15. Provisions

	2023	2023	2023	2024	2024	2024
	Severance	Legal	Total	Severance	Legal	Total
	£000	Costs	£000	£000	Costs	£000
		£000			£000	
At 1 April	29	41	70	54	20	74
Additional Provision	25	-	25	44	-	44
Amounts Charged during period	-	-	-	(25)	-	(25)
Unused Amounts reversed	-	(21)	(21)	-	-	-
At 31 March	54	20	74	73	20	93
Provisions falling due within one year	54	20	74	73	20	93
Provisions falling due after one year	-	-	-	-	-	-

16. Reserves

	RESTRICTED FUNDS					ENDOWMENT FUNDS	UNRESTRICTED FUNDS	Total	
	Capital Assets Fund	Revaluation Reserve	Donated Assets Reserve	Collection Purchase Reserve	Designated Purpose Fund	Voluntary Income Fund	Endowment - Capital		General Fund
	£000	£000	£000	£000	£000	£000	£000	£000	
Balances at 1 April 2023	61,243	45,012	2,836	378	5,729	260	8,293	597	124,348
Incoming Resources									
Government Funding received	632	-	-	1,000	-	-	-	17,976	19,608
Other Restricted funding received	-	-	-	107	-	-	-	1,342	1,449
Donations (including bequests) received	-	-	-	-	-	-	-	-	-
Dividend, interest income and other	-	-	-	-	-	243	-	990	1,233
Outgoing Resources									
Expenditure	-	-	-	(669)	-	(146)	-	(22,201)	(23,016)
Changes in market value of investments									
	-	-	-	-	-	-	406	-	406
Net Income/(Expenditure) from SOFA	632	-	-	438	-	97	406	(1,893)	(320)
Transfers Between Funds									
Release in respect of depreciation etc	(1,080)	(1,928)	-	-	-	-	-	3,008	-
Collection items with a value in excess of £5,000	323	-	-	(323)	-	-	-	-	-
Other Transfers	1	-	-	-	798	-	-	(799)	-
Gains & Losses									
Gain on revaluation	-	1,686	-	-	-	-	-	-	1,686
Donated Assets	-	-	57	-	-	-	-	-	57
Balance as at 31 March 2024	61,119	44,770	2,893	493	6,527	357	8,699	913	125,771

17. Net assets held in reserves

	Restricted Funds	Endowment Funds	General Funds	Total
	£000	£000	£000	£000
Tangible Assets	68,315	-	-	68,315
Heritage Assets	43,027	-	-	43,027
Investments	-	8,112	-	8,112
Current Assets	4,460	944	2,353	7,757
Current Liabilities	-	-	(1,440)	(1,440)
Total	115,802	9,056	913	125,771

18. National Library Of Scotland Foundation

The National Library of Scotland Foundation (NLSF) was established in 2013 with the objective 'to advance the charitable purposes of National Library of Scotland to include the advancement of arts, heritage and culture and the advancement of education by making grants and providing financial support for projects and activities being carried out and supported by the National Library of Scotland.' The Foundation is an independent company limited by guarantee (SC442292) and a registered charity (SC043799).

At the end of the 2023/24 financial year Alan Horn and Justin McKenzie Smith were Board Members of the National Library of Scotland and Trustees of the National Library of Scotland Foundation.

The Library makes periodic applications to NLSF for financial support for defined activities. Such applications are considered on their merits by the Trustees of NLSF. The amount to be claimed from the Foundation for activities during 2023/24 is £150,000.

19. Financial Commitments

As at 31st March the Library is contractually committed to two capital projects. The amounts contracted for but not provided in the financial statements at 31st March 2024 are as follows.

	2023	2024
	£000	£000
George IV Bridge Roofing	-	117
Boxmaking Machine	-	99
Total	-	216

20. Lease Commitments

As at 31st March the Library has the following commitments under non-cancellable operating leases:

	2023	2023	2023	2024	2024	2024
	Land and	Other	Total	Land and	Other	Total
	Buildings			Buildings		
	£000	£000	£000	£000	£000	£000
Operating leases which expire within one year	128	22	150	128	21	149
In the second to fifth year inclusive	513	21	534	513	-	513
In over five years	1,881	-	1,881	1,753	-	1,753
Total	2,522	43	2,565	2,394	21	2,415

Land and Buildings lease figures largely comprise the payments made during 2016/17 and 2017/18 for a 30-year lease on the Kelvin Hall building.

21. Related Party Transactions

The Library is a Non-Departmental Public Body sponsored by the Scottish Government, which is regarded as a related party. During the year the National Library has had various material transactions with the Scottish Government, in the form of receipt of Grant In Aid which totalled £19.608 million in 2023/24 (2022/23: £17.505 million).

During the year, none of the Board Members, members of key management staff or other related parties has undertaken any direct material transactions with the Library.

The Library has had a number of material transactions with other government departments, central government bodies, local government, non-departmental public bodies and similar organisations. These included Her Majesty's Revenue & Customs (HMRC) and the Cabinet Office.

22. Financial Instruments

National Library of Scotland holds no investments in other public sector bodies. The Library does hold an investment in the Agency for the Legal Deposit Libraries (ALDL) which is a non-public sector body. The Library has not entered into any quantifiable guarantees, indemnities or provided letters of comfort.

23. Associate Company

Along with four other Legal Deposit Libraries (National Library of Wales, the Bodleian Library, Cambridge University Library and the Library of Trinity College, Dublin), the National Library of Scotland is a member of the Agency for the Legal Deposit Libraries (ALDL). The company is a Scottish charity limited by guarantee and does not have share capital. The role of the ALDL is to provide a single point of claim and deposit on behalf of the Legal Deposit Libraries.

The ALDL is considered an associate company of the National Library of Scotland. The National Librarian of the Library holds an ex-officio role as one of the five directors of the ALDL.

The ALDL is incorporated in Scotland. Its principal place of business is 21 Marnin Way, Edinburgh EH12 9GD. Financial statements for the ALDL are available from that address.

As the Library has not prepared consolidated financial statements, the following disclosure shows the effects of including them. The Library holds a stake of 20% in the ALDL. Insofar as the ALDL holds no share capital, it is controlled by the five Legal Deposit Libraries. The share of the Library in the net assets and results of ALDL is 20% of the company and is summarised below.

	2023	2024
	£000	£000
Net Assets at 31 March	58	57
Turnover	119	131
Surplus/(Deficit) for the year	(22)	(1)

24. Post Balance Sheet Events

There were no material post balance sheet events prior to the issue of the financial statements.

25 Financial Review

The table below shows the outturn for the year against the Scottish Government grant in aid offer letter. Non-cash items are not paid out by the Scottish Government but the grant in aid offer letter provides resource budget cover for these items.

	2024 Offer Letter £000	2024 Outturn £000
Cash Items		
Running Costs	16,808	16,677
Purchases	1,000	885
Capital – Various	1,800	1,298
Total Cash	19,608	18,860
Non Cash Items (notional)		
Depreciation	4,100	3,718
	23,708	22,578

Appendix - National Library of Scotland Accounts Direction



NATIONAL LIBRARY OF SCOTLAND

DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in pursuance of paragraph 12 of the Schedule to the National Library of Scotland Act 2012, hereby give the following direction.
2. The statement of accounts for the financial year ended 31 March 2014, and subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts are prepared.
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. This direction shall be reproduced as an appendix to the statement of accounts. The direction given on 31 March 2006 is hereby revoked.



Signed by the authority of the Scottish Ministers

Dated 19 November 2013