



**NATIONAL LIBRARY OF SCOTLAND
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2020**

| Contents | Page Number |
|---|--------------------|
| Annual Report of the Board | 2-15 |
| Governance Statement | 16-20 |
| Independent auditor's report to the members of the National Library of Scotland, the Auditor General for Scotland and the Scottish Parliament | 21-24 |
| Statement of Financial Activities for the year ended 31st March 2020 | 25 |
| Balance Sheet at 31st March 2020 | 26 |
| Statement of Cash Flows for the year ended 31st March 2020 | 27 |
| Notes to the Financial Statements for the year ended 31st March 2020 | 28-48 |
| Appendix - National Library of Scotland Accounts Direction | 49 |

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, with over 31 million items, and it is among the half dozen largest libraries in the British Isles. 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.

3. 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 2019 and the date of signing

the financial statements are as follows.

Chair

Kenneth Calman (to 25/06/2020)

Interim Chair

Simon Learoyd (from 25/06/2020) 1

Members

| | |
|----------------------|-----|
| Noreen Adams | 3 |
| Elizabeth Carmichael | 2 |
| Ruth Crawford* | |
| Helen Durndell | 2 |
| Dianne Haley | 1/2 |
| Alan Horn | 2 |
| Iain Marley | 1 |
| Lesley McPherson | 1 |
| Adrienne Scullion | 2/3 |
| Amina Shah | 3 |
| Melissa Terras | 2 |
| Robert Wallen | 3 |

* Nomination from the Dean of the Faculty of Advocates

Committee Membership

- 1 Member of Audit Committee during the year
- 2 Member of the Staffing and Remuneration Committee during the year
- 3 Member of the Governance Committee during the year

Professor Sir Kenneth Calman stepped down as Chair of the Board in June 2020 after four years in post. Over this time his experience and expertise has been invaluable to the Library and the current Board members wish him all the best in his future endeavours. Simon Learoyd, a member of the Library Board since 2014, has been appointed as Interim Chair pending the appointment of a new Chair.

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, 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

| | |
|-------------------|--|
| Dr John Scally | National Librarian |
| Anthony Gillespie | Director of Business Support |
| Jackie Cromarty | Associate Director of External Relations & Governance |
| Robin Smith | Associate Director of Collections & Research |
| John Coll | Associate Director of Access |
| Joseph Marshall | Associate Director of Collections Management (from 07/10/2019) |
| Stuart Lewis | Associate Director of Digital |

4. 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 2015 the Library agreed a strategy 'The Way Forward' for the period 2015-2020. The strategy can be found on the [Library's website](#). The vision is to be recognised as one of the leading national libraries in Europe and the strategy outlines six priorities for the period. These are:

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

Improving access - We will make it easier to access our collections. By 2025 — the centenary of the Library's foundation — we will complete a full listing of the Library's holdings and have a third in digital format.

Promoting research - We will encourage and promote research as a defining characteristic of the Library.

Supporting learning - We will ensure our collections and services make an important contribution to the education, learning and advancement of our citizens and the success of our nation.

Inspiring engagement - We will design and deliver public engagement programmes that will educate, entertain and inspire the communities of Scotland.

Reaching out - We will develop the National Library of Scotland as an exciting and memorable destination for both onsite and online visitors.

5. Performance in the year

At the start of 2019/20 the Board agreed the [Library Plan](#) which detailed the specific objectives, linked to the Strategy, which would be pursued over the coming year. For 2019/20 the Plan comprised 52 separate objectives. The Library also monitored a number of Key Indicators and used these to help assess the achievement of its objectives.

On a quarterly basis the results of progress with the Library Plan plus the Key Indicators were reported to the Board. Progress was also reported on the Library's [website](#). At the end of the

year 47 of the 52 objectives had been fully or largely completed. Those which are yet to complete will be carried forward and undertaken in 2020/21.

The results in relation to Key Indicators are detailed in the table below. Targets were set for 12 Key Indicators during 2019/20 and all but one of these were achieved. When compared to 2018/19, performance improved in 6 out of 12 categories and declined in 4. For the remainder, performance was in line with the previous year. Of particular note in 2019/20 was the significant jump in the percentage reduction in the Hidden Collections total.

| KEY INDICATORS 2019/2020 | | | | | | |
|--------------------------|---|---------------------------------------|--------------------|-------------------------|------------------------|---------------------------------|
| Strategy Element | Indicator | Target for 2019/20 (Where Applicable) | Result for 2019/20 | Target met for 2019/20? | Equivalent for 2018/19 | Performance compared to 2018/19 |
| Safeguarding Collections | Environmental Compliance | 95% | 98.0% | ✓ | 98.0% | — |
| Improving Access | Percentage Reduction in Hidden Collections | 20% | 22.8% | ✓ | 9.1% | ↑ |
| Improving Access | Percentage of collections available in a digital format | 20% | 22.7% | ✓ | 19.0% | ↑ |
| Promoting Research | Number of research collaborations | 20 | 55 | ✓ | 47 | ↑ |
| Reaching Out | Reading Room Visits | 58,000-61,000 | 68,371 | ✓ | 63,340 | ↑ |
| Supporting Learning | On-site learning & community events/Outreach learning & community events/ | 130-160 | 371 | ✓ | 405 | ↓ |
| Inspiring Engagement | Exhibition Visitors | 60,000-70,000 | 99,548 | ✓ | 51,398 | ↑ |
| Reaching Out | Website Usage (Web sessions) | 5.25-5.75 million | 5.6 million | ✓ | 5.4 million | ↑ |
| Enablers | Staff Absence Rate (Days per Employee) | 7.1-7.4 | 7.9 | ✗ | 7.4 | ↓ |
| Enablers | Percentage raised against Fundraising target | 100% | 116% | ✓ | 185% | ↓ |
| Enablers | Central Support costs as a percentage of income | 10.7% | 9.00% | ✓ | 9.00% | — |
| Enablers | Staff Engagement | 66% | 68% | ✓ | 70% | ↓ |

6. Achievements in the Year

Some of the key achievements in the year were as follows;

- The Library continued to add to the national collections, receiving over 1.6 million items over the year from legal deposit and adding a number of key archives such as those of George Mackay Brown.
- The Data Foundry was launched in early September 2019 accompanied by outreach activities to encourage use of the datasets and plans for monthly releases of new datasets going forward.
- 130 photographic albums of the MacKinnon collection were digitised. The Library's exhibition 'At the Water's Edge: Photographs from the MacKinnon Collection' and the exhibition at the Scottish Portrait Gallery 'Scotland's Photograph Album: The MacKinnon Collection' both opened in November and continued to the end of the year.
- Enhanced public and staff WiFi was rolled out across the Library estate and new boilers were installed at the two main Library buildings.
- Very early work on the potential redevelopment of the Library's main building on George IV Bridge was commenced.
- The draft strategy for the period 2020-2025 was developed considered by the Board and went out to public consultation.

7. Financial Review

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

The main headline for the 2019/20 financial year is that the Library has ended the year with an increase of £69k in its General Reserves. The equivalent in 2018/19 was a decrease in General Reserves of £7k. Within the financial statements, the place where this is best shown is at the bottom section of the Statement of Financial Activities on Page 25 and the Reserves Note at Page 45. Both these show the balance on the Library's Unrestricted General Fund reserve increasing from £533k to £602k over the year.

Restricted Reserves increased by approximately £2.9 million. There are many reasons for this but the main one is the upward valuation of the Library's buildings which was partially offset by the reduction in the values of the Library's investments.

Total income in the year was £17.81 million. This was an increase from the 2018/19 figure of £17.1 million. There was also a change in the mix, with more income from Grant in Aid and less from Charitable Activities. Most of the Library's income (89%) continues to come from the Scottish Government and there was a 4.4% increase in the amount of revenue funding which the Library received largely to compensate for an increase in pension contributions. 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 £19.6 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 (£0.98 million). The average number of staff increased slightly as the Library recruited for grant funded activities.

The 2019/20 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 40) and on the Heritage Assets Note 9 (Page 41). These show that the Library added over £0.85 million of tangible assets – mainly on the refurbishment of parts of the Library's estate and on new and replacement IT kit and storage.

Gross spending on adding to the collections during the year totalled over £1.07 million of which £473k was added to Heritage Assets. This included literary and personal papers of George Mackay Brown and of James Kelman. In addition, a further £80k of items was donated to the Library. This included the final portion of the Ian Rankin archive and Thomas Carlyle manuscripts.

Each year the Library plans to spend 100% of its Collection Fund budget supplied by the Scottish Government. In 2019/20 it managed to spend all of this and used a small amount of reserves totalling £29k for a planned archive purchase. The use of this can be seen within the Collection Purchase Reserve line within Note 15 on Page 45.

There was a decrease of £772k in the value of the Library's endowments. This occurred at the very end of the financial year and was due to the market response to the COVID-19 outbreak. Values have recovered somewhat since the end of the year and the current valuation is £7.5 million. Endowment fund income in the year was just over £248k and £218k of this has been used to support Library activities such as conservation work and education activities. However, the Board is aware that future investment income is less certain and will continue with the close guardianship of these funds.

Balancing the budget is always a challenge as the Library seeks to improve what it does and to expand into new areas. During the year it continued to review services, reducing the amount of overtime worked, making some savings to help fund its ongoing work.

Going forward, the Library approved a balanced budget on 25th March 2020 for the 2020/21 financial year. It is aware though that it faces a number of significant financial challenges including the potential of public sector austerity in response to the COVID-19 outbreak, the need to fund deferred maintenance and fire protection work and the requirement to generate funds to implement the strategy.

8. Policy in relation to Reserves

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 requirements of the Library as a NDPB, the need to match potentially variable income streams with fixed commitments and the nature of the reserves.

At the end of the 2019/20 financial year the Library's reserves were as follows;

| | Library Reserves at 31/03/2019 | Library Reserves at 31/03/2020 |
|-----------------------------|---|---|
| | £000 | £000 |
| Restricted Reserves | | |
| Capital Assets Fund | 63,827 | 63,153 |
| Revaluation Reserve | 37,101 | 41,267 |
| Donated Assets | 646 | 726 |
| Collection Purchase | 173 | 144 |
| Designated Purchase | 5,747 | 5,875 |
| Voluntary Income | 175 | 207 |
| Endowment - Capital | 7,872 | 7,100 |
| Unrestricted Reserve | | |
| General Fund | 533 | 602 |
| Total | 116,074 | 119,074 |

The Library holds reserves for a number of reasons. Those relating to Capital Assets, Revaluation and Donated Assets 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 Library's policy in relation to unrestricted reserves is largely governed by its position as a Non-Departmental Public Body (NDPB) and the requirement of its sponsoring body to spend grant-in-aid received and to not build up significant unrestricted reserves. However, reserves are 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 minimum level of unrestricted reserves which should be held by the Library has been agreed as £450k – representing approximately 25% or 3 months cover for the Library's non

Grant in Aid income. The current level of unrestricted reserves is £602k which is considered satisfactory considering the Library's status as a NDPB.

9. 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 2019/20 year the Strategic Risk Register continued to be refined and updated. The risk appetite is also reviewed by the Audit Committee.

The current Strategic Risk Register identifies eight strategic risks and the actions required to mitigate these. At the end of the financial year the key risks along with the risk appetite and current assessment were as follows:

| Number | Risk | Risk Appetite | Current Assessment |
|--------|--|---------------|--------------------|
| S1 | Significant loss or damage to the collections | Low | Low/Medium |
| S2 | Loss or interruption in service | Low/Medium | Medium |
| S3 | Failure to comply with legal and/or statutory requirements | Low | Low |
| S4 | Significant Reduction in financial resources | Medium | Medium |
| S5 | Failure to effectively manage and engage staffing resource | Low | Low |
| S6 | Major Projects are not delivered successfully within agreed parameters | Low | Low |
| S7 | Loss/Damage to external partnerships | Low | Low |
| S8 | Duty of Care | Low | Low |

There were two strategic risks where the current assessment was above the agreed risk appetite. For S2 (Loss or interruption in service) this related to the lockdown of the Library premises and services at the end of March 2020 relating to the COVID-19 pandemic and the loss of services to the public. This assessment is likely to be reassessed as the Library re-opened for services to the public on 11/08/2020.

In relation to S1 (Significant loss or damage to the collection) this reflects a review of fire 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 Programme of Work underway but it is likely this risk will remain elevated over a period of time until funding is secured and those works are completed. Key milestones in this Programme are being reported to the Audit Committee and Board. Some of this work will require funding from external sources.

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. Brexit continues to feature as a risk across a number of the strategic risks listed above.

10. Impact of COVID-19

Like all organisations and households, the Library has been significantly affected by the impact of the COVID-19 pandemic. At the end of March 2020, when it became clear that the virus presented a severe public health emergency, and in response to Scottish Government guidelines, the Library closed to the public.

Since that date it has been focused on increasing its digital engagement with events such as virtual curator talks on various subjects including Gaelic printing, an online events and workshops programme, continuing the enquiry service and on crowd sourced activities. It has seen a jump in users visiting the website and using content.

Communication was maintained with staff through a 'Crisis Response – Staff Information page'. This site was updated with news, frequently asked questions and other related information such as how to work safely from home. Staff could also pick up their e-mails and home working was significantly expanded. Use was made of various online applications which allowed staff to work online and take audio and video call. These were used to hold meetings and to stream the quarterly National Librarian's updates.

With the exception of the value of the Library's investments – noted below – the financial impact of COVID-19 on the Library for 2019-20 has not yet been significant. Going forward the financial position is less certain. It is likely that some charitable income will reduce particularly that income derived from the rental of property and from customer visits to the Library's premises. The bulk of the Library's income (89%) derives from Scottish Government grant and future financial stability will depend largely on the prospects for this revenue.

The Library's land & buildings were valued at the end of March 2020. As a result of the COVID-19 pandemic the valuer has attached a note of 'material valuation uncertainty'. This is explained in more detail at Note 8 on Page 40.

After much work over May, June and July, the Library's buildings opened to the public on 11/08/2020 and physical services began to be resumed from this date.

11. 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. It has also

instructed the investment advisers not to knowingly invest in anything that will bring the Library into disrepute.

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.

Over the year the total value of investments decreased from £7.41 million to £6.59 million reflecting the global slump in equities as the result of the spread of the COVID-19 virus. As part of its Treasury Management and Investment Policy 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.

12. Our People

The Library is dependent on the drive, creativity and expertise of its staff to achieve its aims and objectives. It places great emphasis on employee consultation and engagement.

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.

In October 2019 the Library, for the fifth time, took part in the national Civil Service People Survey to measure levels of engagement. The survey results for 2019 showed a 2% decrease in the engagement index when compared to the previous year. However, the overall engagement level puts the Library in the top 25% of all participating organisations. The relative consistency of Library-wide results over time contrasts with variations in departmental results. A departmental approach to tackling issues raised through the survey has therefore been adopted for 2020 and there are a few well defined areas for improvement. Actions flowing from the survey results will continue throughout the year.

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.

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. There are also well-maintained and current notice boards in all buildings.

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.

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. Average sickness absence for 2019/20 was 7.9 days (2018/19: 7.4 days) which was an increase on the previous year and was outside the target range of 7.1-7.4 days set by the Library. The increase was largely due to a number of long-term absences during the early part of the year with an improvement in the last quarter. This improvement is expected to continue though the advent of the COVID-19 virus may have an effect at the start of 2020.

13. 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 (2018/19: 22 days). The Library recognises, supports and is working towards the Scottish Government target of paying suppliers within ten days. During the year 50% of invoices were paid within ten working days (2018/19: 38%)

14. Environmental matters

The Library aimed to reduce its CO2 emissions from its operations by 50% by 2020 and has met this commitment. By the end of 2019/20 it has achieved a reduction in CO2 emissions of 67% compared to its baseline year. Work will be undertaken in 2020 to update the Climate Action Plan.

The Library now uses 3.7 MWh less energy, consumes 2,943 cubic metres less water, recycles 57% of its waste and travels 627,000 fewer miles than it did eleven years ago. 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.

15. Management of Information

The Library is fully committed to the data protection principles as detailed in the EU General Data Protection Regulation (GDPR) and has a framework in place to help compliance with the specific requirements.

There were three known breaches of personal data during the year. All were assessed as low severity and none were reportable to the Information Commissioner's Office.

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.

During the year the Library made substantial progress on information management improvements through the use of Microsoft Office 365. It began the roll out of these tools in summer 2019 and plans to complete migration from existing tools, such as SharePoint 2010, during 2020/21.

16. 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 asked 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.

17. Policy in relation to equalities

On 6th April 2011 the Library became subject to the Equality Act 2010. The Act placed a responsibility on organisations, in the exercise of their functions, to have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.

The Library maintains, develops and monitors equality objectives and in April 2019 published this information 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.

In April 2019 it also published a [Gender Pay Gap](#) report which detailed a mean gender pay gap of 0.88% in favour of men and a median gender pay gap of 3.97% in favour of women.

18. Plans for the Future

Over the past year the Library has been developing a new strategy for the period 2020-

2025 which will conclude in the year the Library celebrates its centenary. The new strategy is titled 'Reaching People' and has been developed in partnership with users and the general public. There are strong elements of continuity between the new strategy and the current one. This is most evident in our continued focus on safeguarding collections and upon improving access. However, 'Reaching People' will emphasise connecting with and enriching the lives of multiple audiences with our content and services.

Work has already begun on the potential redevelopment of the main Library building in Edinburgh. A concerted programme of preservation and digitisation of moving image and sound 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 will be developed.

19. 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 2016 for a period of 5 years. The agreed fee for audit services was £21,090 (2019: £20,810) 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.

20. Statement of Board Members' responsibilities

The Board Members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The law applicable to charities in Scotland requires the Board Members to prepare financial statements for each financial year. Under that law the Board Members have prepared the financial statements in accordance with the Charities SORP (FRS 102) and applicable law. Under that law 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 these financial statements, the Board Members are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgments and estimates that are reasonable and prudent
- State that applicable UK Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' 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 and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities Accounts (Scotland) Regulations 2006 and the provision of the charity's constitution. 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.

21. Other Professional Advisers and Bankers

| | | |
|----------------------------|---------------------------|--|
| Investment Advisers | Brewin Dolphin | Sixth Floor Atria 1, 144 Morrison Street, Edinburgh |
| | Brown Shipley | 2 Multrees Walk Edinburgh |
| Legal Advisers | Anderson Strathern | 1 Rutland Court, Edinburgh |
| Bankers | Bank of Scotland | The Mound, Edinburgh |
| | National Westminster Bank | 135 Bishopsgate, London |
| Tax Advisers | Scott Moncrieff | Exchange Place, 3 Semple Street, Edinburgh |

.....
Simon Learoyd
Interim Chair of the National Library of Scotland

Date:

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.

Scope of Responsibility

The National Librarian is the Accountable Officer and, together 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 safeguarding the public funds and assets for which they are personally responsible, in accordance with the responsibilities assigned to them.

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. They are responsible for the propriety and regularity of financial transactions under his/her 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. They are also responsible for providing the necessary assurances to the Principal Accountable Officer to enable him/her to sign the Statement on Internal Control contained within the Scottish Government consolidated financial statements. They have 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 their responsibilities the Board has met five times over the financial year. 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 2019/20 included the following:

- The potential development of the George IV Bridge building and the approval of a Feasibility Study to progress investigatory work;
- Potential collaborations with higher education and commercial partners; and
- Ongoing updates to the Library's governance documents such as the Scheme of Delegation and Committee remits.

Each year the Board will also hold an Away Day to develop a shared understanding of the challenges and opportunities facing the Library over the coming years and to assess progress with the strategy. The 2020 Away Day focused on the development of the 2020-25 strategy for the Library.

The Board has delegated certain responsibilities to Committees of the Board. These are as follows:

- Audit Committee;
- Governance Committee; and
- Staffing & 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 physical meetings and one teleconferences over the financial year. In addition to the Committee members, the Director of Business Support, the Associate Director of External Relations, 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;
- Oversight of the George IV Bridge Feasibility project;
- Work of the external auditor including their proposed annual audit report including ISA 260 requirement;
- Detailed quarterly financial reports and whether adequate progress was being made with the Library's short and medium term financial plans;
- Progress made with Collections Protection – receiving reports from the Head of Estates on the actions taken against the agreed plan;
- Progress made in relation to cyber security and more general IT plans;
- Long term financial sustainability of the Library;
- Treasury Management & Investment Policy;
- Presentations from the Library's investment managers; and
- The annual Procurement Report and progress being made in reducing 'off contract' spend across the Library

In addition to fulfilling its core remit during the year members of the Committee were involved in the procurement process to appoint the internal auditors and the investment managers.

A second Effectiveness Survey on the work of the Audit Committee was carried out in 2019. This concluded that the Committee was effective in undertaking its work. In addition, there were improvements in the two areas highlighted in the previous report i.e. there was increased positivity in the ability of the Committee to capture emerging risks and in its relationship with the Board.

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

The internal audit activity in 2019/20 focussed on the following areas:

| Area Covered | Auditor | Assessment | Definition |
|----------------------|---------|-------------|--|
| Risk Management | BDO | Moderate | Generally a sound system of internal control designed to achieve system objectives with some exceptions. |
| Financial Planning | BDO | Substantial | There is a sound system of internal control designed to achieve system objectives. |
| Partnership Working | BDO | Limited | System of internal controls is weakened with system objectives at risk of not being achieved |
| Corporate Governance | BDO | Substantial | There is a sound system of internal control designed to achieve system objectives. |

Reports are produced for each of the areas and actions, timescales and staff responsibilities relating to the recommendations are 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 reviewed the actions required arising from the Partnership Working audit and accepted these as appropriate given the overall assessment.

It also continued to consider other reports linked to the Library's specific strategic risks. The May meeting received a report 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.

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 areas which we examined were found to be suitably designed to achieve the specific risk management, control and governance arrangements, except in the case of the partnership working review.*
- *Based on our verification reviews and sample testing, 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, except in the case of the partnership management review, where we found that the controls required improvement.*

During the course of its work in 2019/20, 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:

- The principal governance documents such as Standing Orders and Scheme of Delegation, recommending some changes to the Board;

- The minutes of the NLS Foundation;
- The requirement for any updates to the Code of Conduct;
- The annual process of Board self-appraisal;
- The steps that could be considered to increase diversity across the Board membership;
- The draft Framework document with the Scottish Government recommending the final version to the Board; and
- The results of the changes made to the Library's website aimed at improving transparency.

Work of the Staffing and Remuneration Committee

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

The Staffing and Remuneration Committee met twice during the year. At each meeting it receives 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 Committee has 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;
- Updates to various human resources policies such as Engagement through Work, Fixed Term Contract & Redeployment and Learning & Development;
- The actions being taken with regard to health & safety and employee wellbeing;
- The reporting of progress made in relation to the duties contained in the Equality Act 2010 and subsequent regulations;
- Review of Succession Planning;
- The work being done in relation to staff training and development and the arrangements in place for appraisals;
- Presentations from staff on topics such as the digital scholarship programme.

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; to evaluate the nature and extent of those risks and to 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 2020 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 acceptable 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 & 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.

.....
Dr John Scally
National Librarian

.....
Simon Learoyd
Interim Chair of the National Library of Scotland

Date:

Date:

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

Report on the audit of the financial statements

Opinion on financial statements

I have audited the annual report and financial statements of National Library of Scotland for the year ended 31 March 2020 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 significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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 in accordance with the National Library of Scotland Act 2012 and directions made thereunder by the Scottish Ministers of the state of the body's affairs as at 31 March 2020 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 Accounts (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 18 July 2016. The period of total uninterrupted appointment is 4 years. I am independent of the body in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and I have fulfilled my other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter – Land and building valuations

I draw attention to Note 8 'Tangible Assets' in the notes to the financial statements, which describes the effects of a material uncertainty caused by Covid-19 on land and building valuations. My opinion is not modified in respect of this matter.

Conclusions relating to going concern basis of accounting

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about its ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Risks of material misstatement

I have reported in a separate Annual Audit Report, which is available from the [Audit Scotland website](#), the most significant assessed risks of material misstatement that I identified and my conclusions thereon.

Responsibilities of the Board members for the financial statements

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

In preparing the financial statements, the 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 deemed inappropriate.

Auditor's responsibilities for the audit of the financial statements

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting 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. I therefore design and perform audit procedures which respond to the assessed risks of material misstatement due to fraud.

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.

Other information in the annual report and financial statements

The Board is responsible for the other information in the annual report and financial statements. The other information comprises the information other than the financial statements and my auditor's report thereon. 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 matters prescribed by the Auditor General for Scotland to the extent explicitly stated later in this report.

In connection with my audit of the financial statements, my responsibility is to read all the other information in the annual report and financial statements and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Report 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. 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.

Report on other requirements

Opinions on matters prescribed by the Auditor General for Scotland

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 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 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 120 of the Code of Audit Practice, I do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Asif A Haseeb OBE
Audit Scotland
4th Floor
102 West Port
Edinburgh
EH3 9DN

Asif A Haseeb OBE 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 2020

| 2019 | Note(s) | Restricted Funds | Endowment Funds | Unrestricted Funds | 2020 Total | |
|--------------------------------------|--|------------------|-----------------|--------------------|----------------|----------------|
| £000 | | £000 | £000 | £000 | £000 | |
| Income & Endowments from: | | | | | | |
| 852 | Donations & Legacies | 3 | 72 | - | 903 | 975 |
| 662 | Charitable Activities | 3 | - | - | 530 | 530 |
| 129 | Other Trading Activities | 3,4 | - | - | 117 | 117 |
| 215 | Investments | 3 | 218 | - | 12 | 230 |
| 15,280 | Other - Grant-in-Aid | 2 | 1,001 | - | 14,954 | 15,955 |
| 17,138 | Total | | 1,291 | - | 16,516 | 17,807 |
| Expenditure on: | | | | | | |
| 382 | Raising Funds | 5 | 51 | - | 360 | 411 |
| 7,494 | Collection Development | 5 | 159 | - | 8,444 | 8,603 |
| 5,656 | User Access to Collections | 5 | - | - | 5,786 | 5,786 |
| 509 | Strategy and Communications | 5 | - | - | 540 | 540 |
| 732 | Collection Purchases | 5 | 605 | - | 17 | 622 |
| 509 | Governance | 5 | - | - | 531 | 531 |
| - | Other | 5 | - | - | - | - |
| 2,899 | Depreciation | 5 | - | - | 3,136 | 3,136 |
| 18,181 | Total | 5 | 815 | - | 18,814 | 19,629 |
| 226 | (Losses)/Gains on investments | 10 | - | (772) | - | (772) |
| (817) | Net Income/(Expenditure) | | 476 | (772) | (2,298) | (2,594) |
| Transfers between Funds | | | | | | |
| - | Release in respect of depreciation | | (2,495) | - | 2,495 | - |
| - | Other Transfers | | 128 | - | (128) | - |
| Other recognised Gains | | | | | | |
| 1,524 | Gains on the revaluation of fixed assets | 8 | 5,513 | - | - | 5,513 |
| 391 | Donated Assets | 15 | 80 | - | - | 80 |
| 1,098 | Net movement in Funds | | 3,702 | (772) | 69 | 2,999 |
| Reconciliation of Funds | | | | | | |
| 114,976 | Fund balances brought forward at 1 April | 15 | 107,669 | 7,872 | 533 | 116,074 |
| 116,074 | Fund balances carried forward at 31 March | 15 | 111,371 | 7,100 | 602 | 119,073 |

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 28 to 48 form part of these financial statements.

Balance Sheet as at 31st March 2020

| | | 2019 | 2020 |
|--|------|-----------------------|-----------------------|
| | | £000 | £000 |
| Fixed Assets | Note | | |
| Tangible Assets | 8 | 65,555 | 68,782 |
| Heritage Assets | 9 | 39,108 | 39,660 |
| Investments | 10 | 7,411 | 6,588 |
| Total fixed assets | | <u>112,074</u> | <u>115,030</u> |
| Current Assets | | | |
| Stocks | 12 | 30 | 26 |
| Debtors | 11 | 3,648 | 3,597 |
| Cash at bank and in hand | 13 | 2,172 | 2,072 |
| Total current assets | | <u>5,850</u> | <u>5,695</u> |
| Creditors - amounts falling due within one year | 14 | <u>(1,850)</u> | <u>(1,651)</u> |
| Net current assets | | <u>4,000</u> | <u>4,044</u> |
| Total assets less current liabilities | | 116,074 | 119,074 |
| Net assets | | <u>116,074</u> | <u>119,074</u> |
| The funds of the charity: | | | |
| Endowment funds | 15 | 7,872 | 7,100 |
| Restricted funds | | | |
| Capital Assets Fund | 15 | 63,827 | 63,153 |
| Revaluation Reserve | 15 | 37,101 | 41,267 |
| Donated Assets | 15 | 646 | 726 |
| Collection Purchase | 15 | 173 | 144 |
| Designated Purpose | 15 | 5,747 | 5,875 |
| Voluntary Income | 15 | 175 | 207 |
| Unrestricted Funds | | | |
| General Fund | 15 | 533 | 602 |
| Total Charity Funds | | <u>116,074</u> | <u>119,074</u> |

The Board approved these financial statements on the 30th September 2020 and the Accountable Officer authorised them for issue on the same date.

.....
Dr John Scally
National Librarian & Accountable Officer

.....
Simon Learoyd
Interim Chair of the National Library of Scotland

The notes on pages 28 to 48 form part of these financial statements.

Statement of Cash Flows for the year ended 31st March 2020

| | Note | 2019 £000 | 2020 £000 |
|--|-------------|----------------------|----------------------|
| Cash flows from operating activities | | | |
| Surplus/(Deficit) for the financial year as per the SOFA | | (1,043) | (1,821) |
| Depreciation on tangible fixed assets | 8 | 2,899 | 3,136 |
| Loss/(Profit) on disposal of fixed assets | | - | - |
| Non cash movement in restricted funds | | 41 | 51 |
| Dividends & interest from investments | | (206) | (230) |
| (Increase)/Decrease in stock | 12 | - | 4 |
| (Increase)/Decrease in debtors | 11 | (85) | 51 |
| Increase/(Decrease) in creditors and provisions | 14 | (963) | (34) |
| Net cash inflow from operating activities | | 643 | 1,157 |
| Cash flows from investing activities | | | |
| Additions to fixed assets | | (1,190) | (1,004) |
| Dividends & interest from investments | | 206 | 230 |
| Purchase of items for the collections | | (284) | (483) |
| Net cash (used in) investing activities | | (1,268) | (1,257) |
| Cash flows from financing activities | | | |
| Increased investment in endowment funds | | (450) | - |
| Net cash (used in) financing activities | | (450) | - |
| Change in cash in the reporting year | | | |
| Cash at 1 April | 13 | 3,247 | 2,172 |
| Cash at 31 March | 13 | 2,172 | 2,072 |

The notes on pages 28 to 48 form part of these financial statements.

Notes to the Financial Statements for the year ended 31st March 2020

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: £1.636 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 Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of the charity's constitution. 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 administered by the Library is held in the name of the Scottish Ministers or in the name of the Board. 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

Stocks 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 20)

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

| | 2019 | 2020 |
|-----------------------------------|---------------|---------------|
| | £000 | £000 |
| Grant-in-Aid Received | | |
| Running Costs | 13,530 | 14,205 |
| Capital | 750 | 750 |
| | <hr/> | <hr/> |
| | 14,280 | 14,955 |
| Purchase Grant | 1,000 | 1,000 |
| | <hr/> | <hr/> |
| Total Received during year | 15,280 | 15,955 |

3. ANALYSIS OF INCOME

| Analysis of Income | 2019 Total | Restricted Funds | Un restricted Funds | 2020 Total |
|--|-----------------------|-----------------------------|------------------------------------|-----------------------|
| | £000 | £000 | £000 | £000 |
| Donations & Legacies | | | | |
| General Grants | 603 | 41 | 825 | 866 |
| Donations | 249 | 32 | 78 | 110 |
| | 852 | 73 | 903 | 976 |
| Charitable Activities | | | | |
| Property rental | 109 | - | 67 | 67 |
| Agency services | 100 | - | 83 | 83 |
| Reprography | 168 | - | 161 | 161 |
| Sundry income | 285 | - | 219 | 219 |
| | 662 | - | 530 | 530 |
| Other Trading Activities | | | | |
| Shelving Rental | 34 | - | 17 | 17 |
| Box Making Income | 21 | - | 9 | 9 |
| Shop & Café Income | 74 | - | 91 | 91 |
| | 129 | - | 117 | 117 |
| Investments | | | | |
| Investment Income | 215 | 218 | 12 | 230 |
| Other - Grant In Aid | | | | |
| Grant In Aid | 15,280 | 1,001 | 14,954 | 15,955 |
| Total Income & Endowments | 17,138 | 1,292 | 16,516 | 17,808 |

4. OTHER TRADING ACTIVITIES

| | 2019 | 2020 |
|--|--------------|--------------|
| | £000 | £000 |
| Income | | |
| Shelving Rental | 34 | 17 |
| Box Making Income | 21 | 9 |
| Café and Shop Income | 74 | 91 |
| Total Income | 129 | 117 |
| Less: Costs | | |
| Cost of sales | (79) | (69) |
| Direct wages | (43) | (54) |
| Administration | (8) | (7) |
| Total Costs | (130) | (130) |
| Surplus/(Deficit) for the year: | (1) | (13) |

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 | 2019 Total £000 | Direct Costs £000 | Support Costs £000 | 2020 Total £000 |
|---|--------------------------------|----------------------------------|-----------------------------------|--------------------------------|
| Raising Funds | | | | |
| Raising Donations & Legacies | 210 | 207 | 23 | 230 |
| Expenditure on Other Trading Activities | 130 | 52 | 78 | 130 |
| Investment Management costs | 42 | 51 | - | 51 |
| | 382 | 310 | 101 | 411 |
| Charitable Activities | | | | |
| Collection Development | 7,494 | 4,975 | 3,628 | 8,603 |
| User Access to Collections | 5,656 | 3,276 | 2,510 | 5,786 |
| Strategy and Communications | 509 | 308 | 232 | 540 |
| Collection Purchases | 732 | 622 | - | 622 |
| Governance | 509 | 303 | 228 | 531 |
| Depreciation | 2,899 | 3,136 | - | 3,136 |
| Total Resources Expended | 17,799 | 12,620 | 6,598 | 19,218 |
| Total Expenditure | 18,181 | 12,930 | 6,699 | 19,629 |

6. EMPLOYEES

Staff costs during the year were:

| | 2019 | 2020 |
|------------------------------|---------------|---------------|
| | £000 | £000 |
| Wages and salaries | 8,190 | 8,698 |
| Social Security costs | 749 | 770 |
| Pension costs | 1,671 | 2,282 |
| Agency staff costs | 129 | 192 |
| Total | 10,739 | 11,942 |
| Accounted for within: | | |
| Unrestricted Funds | 10,607 | 11,862 |
| Restricted Funds | 132 | 80 |
| Total | 10,739 | 11,942 |

The average number of full-time employees during the year was as follows;

| | 2019 | 2020 |
|---------------------------------|---------------|---------------|
| | Number | Number |
| Access | 46 | 46 |
| Acquisitions & Description | 64 | 62 |
| Business Support | 55 | 55 |
| Collections & Research | 65 | 68 |
| Digital | 33 | 39 |
| External Relations & Governance | 13 | 16 |
| National Librarian's Office | 4 | 4 |
| Total | 280 | 290 |

The total amount paid to the key management personnel amounted to £457,183 (2018/19: £479,815).

No benefits in kind were provided by the employer (2018/19: £Nil). Performance bonuses and overtime are not paid to senior management.

Reporting of Exit Packages

There were no compulsory redundancies or exit packages during the year (2018/19: 1 exit package of £20,000).

Redundancy and other departure costs have been 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.

Emoluments exceeding £60,000

| | 2019 | 2020 |
|----------------------|---------------|---------------|
| | Number | Number |
| £60,000 to £69,999 | 4 | 4 |
| £70,000 to £79,999 | 1 | 1 |
| £80,000 to £89,999 | - | - |
| £90,000 to £99,999 | - | - |
| £100,000 to £109,999 | 1 | 1 |
| Total | 6 | 6 |

Pay Multiples

Public sector reporting bodies are required to disclose the relationship between the remuneration of the highest paid staff member or director in their organisation and the median remuneration of the organisation's workforce. The remuneration of the Library's highest paid staff member in 2019/20 was £102,018 (2018/19: £100,418). This was 4.03 (2018/19: 4.09 times) the median remuneration of the workforce which was £25,319 (2018/19: £24,582).

In 2019/20 no employees received remuneration in excess of the highest paid director (2018/19: none). Remuneration during the year excluding the highest paid director ranged from £18,224 to £79,209 (2018/19: £17,693 to £77,656).

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. The scheme actuary valued the scheme as at 31st March 2016. You can find details in the resource accounts of the [Cabinet Office: Civil Superannuation](#).

For 2019/20 employers' contributions of £2.27 million were payable to the PCSPS (2018/19: £1.663 million) at one of the four rates in the range 26.6% to 30.3% of pensionable earnings based on salary bands. 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 2019//20 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 £17,825 (2018/19 - £16,528) 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. In addition, employer contributions of £522, 0.5% of pensionable pay were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £Nil (2018/19 - £NIL). Contributions prepaid at that date were Nil (2018/19 - £Nil).

Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 came into force on 1 April 2017. The regulations place a legislative requirement on relevant public sector employers to collate and publish, on an annual basis, a range of data on the amount and cost of trade union facility time within their organisation. Facility time is the provision of paid or unpaid time off from an employee's normal role to undertake trade union duties and activities as a trade union representative.

The data is required to be published within the Annual Report and Accounts and on the organisation's website before the 31st July each year. Information for the 2019/20 year is detailed below and on the Library's [website](#).

| Number of employees who were relevant union officials during the relevant period | Full time equivalent employee number |
|--|--------------------------------------|
| 14 | 12.55 |

Percentage of time spent on facility time

| Percentage of time | Number of employees |
|--------------------|---------------------|
| 0%-0.99% | 5 |
| 1-50% | 9 |
| 51-99% | 0 |
| 100% | 0 |

Percentage of pay bill on facility time

| | |
|---|--------|
| Total cost of facility time (£'000) | 7 |
| Total pay bill (£'000) | 11,750 |
| Percentage of total pay bill spent on facility time (%) | 0.06% |

Paid trade union activities

| | |
|---|-----|
| Time spent on paid trade union activities as a percentage of total paid facility time hours | 24% |
|---|-----|

7. OTHER OPERATING CHARGES

| | 2019 | 2020 |
|---|--------------|--------------|
| | £000 | £000 |
| General | | |
| Administration expenses | 617 | 522 |
| Operating lease rentals (see note below) | 25 | 36 |
| Travel, subsistence and hospitality | 187 | 194 |
| Office equipment and supplies | 65 | 33 |
| Purchases for the Collections | 732 | 622 |
| Digitisation of the Collections/Web Development | 23 | 22 |
| Exhibitions | 173 | 151 |
| Copyright Agency | 139 | 145 |
| Computer Services | 496 | 695 |
| Record purchase | 17 | 40 |
| Audit fees (see note below) | 30 | 35 |
| Conservation and Preservation | 64 | 42 |
| Consultancy | 96 | 139 |
| Depreciation | 2,899 | 3,136 |
| Sub-total | 5,563 | 5,812 |
| Buildings | | |
| Utilities | 404 | 458 |
| Rent, rates and service charges | 235 | 243 |
| Lease of Land and Buildings | 205 | 177 |
| Buildings maintenance | 1,026 | 982 |
| Furniture | 2 | 5 |
| Transport | 7 | 10 |
| Sub-total | 1,879 | 1,875 |
| Total | 7,442 | 7,687 |

Operating lease rentals are paid in respect of rental of buildings and general office equipment. Included in Audit Fees is £21,090 in relation to External Audit services for 2019/20 provided by Audit Scotland.

Board Members receive no remuneration but are reimbursed for travel expenses and any childcare expenses. Travel and subsistence expenses amounting to £1,359 (2018/19: £3,113) were paid to Board Members in respect of attendance at meetings. Five Board Members received reimbursement for expenses (2018/19: Eight). Board Members do not receive any benefits in kind.

8. TANGIBLE ASSETS

| | 2019 Total | Land and Buildings | Motor vehicles | Equipment and Machinery | Computer equipment | 2020 Total |
|--|---------------|-----------------------|-------------------|-------------------------------|-----------------------|---------------|
| COST OR VALUATION | £000 | £000 | £000 | £000 | £000 | £000 |
| Balance at 1 April 2019 | 86,943 | 83,738 | 64 | 4,119 | 2,309 | 90,230 |
| Additions | 1,345 | 1 | - | 563 | 286 | 850 |
| Disposals | (47) | - | - | (35) | - | (35) |
| Revaluation / Indexation Adjustment | 1,988 | 5,774 | - | - | - | 5,774 |
| Balance at 31 March 2020 | 90,229 | 89,513 | 64 | 4,647 | 2,595 | 96,819 |
| ACCUMULATED DEPRECIATION & IMPAIRMENT | | | | | | |
| Balance at 1 April 2019 | 21,358 | 21,271 | 29 | 1,857 | 1,517 | 24,674 |
| Charge for the year | 2,899 | 2,394 | 13 | 342 | 286 | 3,036 |
| Disposals | (47) | - | - | (35) | - | (35) |
| Write down of assets recognised in the SOFA | 100 | 100 | - | - | - | 100 |
| Revaluation / Indexation Adjustment | 464 | 261 | - | - | - | 261 |
| Balance at 31 March 2020 | 24,774 | 24,026 | 42 | 2,164 | 1,803 | 28,036 |
| NET BOOK VALUE | | | | | | |
| At end of period | 65,455 | 65,487 | 22 | 2,483 | 791 | 68,782 |
| At start of period | 65,585 | 62,467 | 35 | 2,262 | 791 | 65,555 |

Land and Buildings includes £2.725 million (2018/19: £2.725 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). As part of their valuation they have noted that the COVID-19 pandemic has created significant market volatility and an unprecedented set of circumstances on which to base a valuation judgement. Accordingly, they have attached a note of 'material valuation uncertainty' as defined in the RICS Valuation – Global Standards. This means that less certainty can be attached to the valuations than would otherwise be the case.

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;

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---------------|---------------|---------------|---------------|---------------|
| | £000 | £000 | £000 | £000 | £000 |
| Balance of capitalised items at 1 April | 33,515 | 33,756 | 37,743 | 38,429 | 39,108 |
| Acquired at cost with a value exceeding £5,000 | 241 | 3,902 | 516 | 288 | 472 |
| Acquired via donation with a value exceeding £5,000 | - | 85 | 170 | 391 | 80 |
| Balance at 31 March | 33,756 | 37,743 | 38,429 | 39,108 | 39,660 |

The Library's Integrated Collecting Strategy is available on the [website](#). This Strategy document sets out policy on acquisition, disposal, preservation and management. 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

| | 2019 | 2020 |
|---|--------------|--------------|
| | £000 | £000 |
| Cash held by investment managers | 745 | 405 |
| UK Investments (Market Value) held by Investment managers | 3,145 | 3,050 |
| Total UK holdings with investment managers | 3,890 | 3,455 |
| Overseas Investments (Market Value) held by investment managers | 2,657 | 1,483 |
| Other Investments | 864 | 1,651 |
| Total (Market Value) held by investment managers | 7,411 | 6,588 |
| Endowment Cash balances held by the Library | 637 | 720 |
| Total Endowment Funds holdings | 8,048 | 7,308 |
| | | |
| Listed investments - at cost | 4,918 | 6,427 |

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

| | £000 |
|---|--------------|
| Opening Value of Investments at 1 April 2019 | 7,411 |
| Charges & Income Withdrawn | (260) |
| Income Received | 211 |
| Capital Investment | - |
| Capital Appreciation/(Depreciation) | (774) |
| Closing Value at 31 March 2020 | 6,588 |

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 £31,457 (2018/19: £72,611) from these Trust funds.

11. DEBTORS

| | 2019 | 2020 |
|--------------------------------|--------------|--------------|
| | £000 | £000 |
| Trade debtors | 162 | 106 |
| Other debtors | 162 | 396 |
| Provision for bad debts | (9) | (10) |
| VAT recoverable | 276 | 171 |
| Prepayments and accrued income | 3,057 | 2,934 |
| Total | 3,648 | 3,597 |

A total of £97 in bad debts was written off during the year.

12. STOCKS

| | 2019 | 2020 |
|-----------------------------------|-------------|-------------|
| | £000 | £000 |
| Stock for shop trading activities | 30 | 26 |

As the result of the lockdown of Library premises due to COVID-19, no stock-take could be undertaken at the year-end. Stock values have been estimated based on previous years with a higher stock provision to reflect the higher likelihood of obsolescence.

13. CASH AT BANK AND IN HAND

| | 2019 | 2020 |
|-----------------------------|--------------|--------------|
| | £000 | £000 |
| Government Banking Services | 2,033 | 1,799 |
| Other current accounts | 137 | 271 |
| Cash | 2 | 2 |
| Total | 2,172 | 2,072 |

14. CREDITORS - amounts falling due within one year

| | 2019 | 2020 |
|------------------------------|--------------|--------------|
| | £000 | £000 |
| Other creditors | 1,211 | 942 |
| Taxation and social security | 374 | 431 |
| Accruals and deferred income | 265 | 278 |
| Total | 1,850 | 1,651 |

As the result of the COVID-19 outbreak the Library has had to amend the way in which it calculates the amounts owed to staff for untaken leave. The calculation for 2019/20 is based on the figures at the end of the 2018/19 financial year updated for staff numbers and tax/pension rates. This change is not assessed to be material.

15. 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 | £000 |
| Balances at 1 April 2019 | 63,827 | 37,101 | 646 | 173 | 5,747 | 175 | 7,872 | 533 | 116,074 |
| Incoming Resources | | | | | | | | | |
| Government Funding received | 1 | - | - | 1,000 | - | - | - | 14,954 | 15,955 |
| Other Restricted funding received | - | - | - | 41 | - | - | - | - | 41 |
| Donations (including bequests) received | - | - | - | - | - | 31 | - | 903 | 934 |
| Dividend, interest income and other | - | - | - | - | - | 218 | - | 659 | 877 |
| Outgoing Resources | | | | | | | | | |
| Expenditure | - | - | - | (597) | - | (217) | - | (18,814) | (19,628) |
| Changes in market value of investments | | | | | | | | | |
| | - | - | - | - | - | - | (772) | - | (772) |
| Net Income/(Expenditure) from SOFA | 1 | - | - | 444 | - | 32 | (772) | (2,298) | (2,593) |
| Transfers Between Funds | | | | | | | | | |
| Release in respect of depreciation etc | (1,148) | (1,347) | - | - | - | - | - | 2,495 | - |
| Collection items with a value in excess of £5,000 | 473 | - | - | (473) | - | - | - | - | - |
| Other Transfers | - | - | - | - | 128 | - | - | (128) | - |
| Gains & Losses | | | | | | | | | |
| Surplus on revaluation | - | 5,513 | - | - | - | - | - | - | 5,513 |
| Donated Assets | - | - | 80 | - | - | - | - | - | 80 |
| Balance as at 31 March 2020 | 63,153 | 41,267 | 726 | 144 | 5,875 | 207 | 7,100 | 602 | 119,074 |

16. 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).

It is the intention of the Library to make periodic applications to NLSF for financial support for defined activities. Such applications will be considered on their merits by the Trustees of NLSF.

17. LEASE COMMITMENTS

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

| | 2019 | 2019 | 2019 | 2020 | 2020 | 2020 |
|---|---------------------------|--------------|--------------|---------------------------|--------------|--------------|
| | Land and Buildings | Other | Total | Land and Buildings | Other | Total |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| Operating leases which expire within one year | 127 | 30 | 157 | 99 | 30 | 129 |
| In the second to fifth year inclusive | 395 | 82 | 477 | 395 | 52 | 447 |
| In over five years | 2,217 | - | 2,217 | 2,118 | - | 2,118 |
| Total | 2,740 | 111 | 2,851 | 2,613 | 81 | 2,694 |

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.

18. 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 £15.955 million in 2019/20 (2018/19: £15.280 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.

19. 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.

20. 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:

| | 2019 | 2020 |
|--------------------------------|-------------|-------------|
| | £000 | £000 |
| Net Assets at 31 March | 92 | 89 |
| Turnover | 118 | 112 |
| Surplus/(Deficit) for the year | (6) | (3) |

21. POST BALANCE SHEET EVENTS

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

22. 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.

| | 2020 Offer Letter £000 | 2020 Outturn £000 |
|----------------------------------|---|----------------------------------|
| Cash Items | | |
| Running Costs | 14,205 | 14,116 |
| Purchases | 1,000 | 1,029 |
| Capital – Various | 750 | 850 |
| Total Cash | 15,955 | 15,995 |
| Non Cash Items (notional) | | |
| Depreciation | 3,150 | 3,136 |
| | 19,105 | 19,131 |

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 (FRM) which is in force for the year for which the statement of accounts are prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial year, and of the state of affairs as at the end of the financial year.
4. 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