

CONSTITUTION, EUROPE, EXTERNAL AFFAIRS AND CULTURE COMMITTEE

25th Meeting, 2023, Session 6

21 September 2023

Pre-Budget Scrutiny 2024-25: Funding for Culture

1. The Committee agreed to take a cumulative approach to budget scrutiny over Session 6, focusing on the culture spending portfolio. This inquiry follows on from the Committee's previous pre-budget scrutiny for [2022-23](#) and [2023-24](#).
2. The [call for views](#) was issued on 25 June 2023 and closed on 18 August 2023. It received 67 submissions which are available to view [online](#).
3. At this meeting, the Committee will take evidence in a roundtable format from—
 - Duncan Dornan, Executive Committee Member, VOCAL Scotland
 - Pamela Tulloch, Chief Executive, Scottish Library and Information Council
 - India Divers, Policy and Campaigns Officer, Museums Association
 - David Avery, Negotiation Officer, Prospect
 - Kara Christine, Senior Programme Producer, Artlink
 - Liam Sinclair, Co-Chair, Federation of Scottish Theatre
4. The roundtable will consider the themes raised in the call for views—
 - How the 'perfect storm' facing the culture sector has evolved over the last 12 months, and what impact the Budget for 2023-24 has had on this;
 - Progress made in the last 12 months on accelerating innovative solutions to budgetary pressures, and what other innovative approaches the Scottish Government could take forward to support the sector; and
 - The role of the forthcoming refreshed Culture Strategy Action Plan to provide a clear and strategic sense of how the Scottish Government is working to ensure a more sustainable future for the sector, and how the new action plan should help to inform future budgetary decisions.
5. The following papers are attached—
 - Annexe A: SPICe briefing
 - Annexe B: SPICe summary of the written submissions
 - Annexe C: Written submissions to the call for views from this week's witnesses

CEEAC Committee Clerks, September 2023

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Constitution, Europe, External Affairs and Culture Committee

21 September 2023

Pre-budget scrutiny 2024-25

Introduction

The focus of the Committee's prebudget scrutiny will again be on the culture and historic environment aspects of the Committee's remit. This follows on from the work the Committee has undertaken on previous budgets and the [resource spending review](#) published on 31 May 2022.

This paper is to brief the Committee on the pre-budget sessions of the Committee's work on the 2024-25 budget. Over the next two weeks, the Committee will be taking evidence from a number of stakeholders from across the culture sectors. Finally on 5 October, the Committee is expected to take evidence from the Cabinet Secretary.

This paper will recap the Committee's work on this area so far this session. It will then highlight themes from this work that set the scene for the evidence sessions, as well as providing additional background information.

The [Committee's Call for Views](#) for the current pre-budget scrutiny is summarised in a separate paper.

Members may also wish to note that SPICe [published a blog looking at trends in public expenditure on culture](#). For the sake of brevity, this analysis has not been reproduced here.

The intention is that this paper, along with the summary of submissions and the blog, will serve as Members' briefings for the two panels on 21 and 28 September. A further briefing will be prepared in advance of the session with the Cabinet Secretary.

Summary of work to date

Legacy report

At the end of Session 5 the Committee's predecessor, the Culture, Tourism, Europe and External Affairs Committee, [wrote a legacy report](#) that highlighted issues that their successor committee may wish to consider.

Published in March 2021, the report highlighted areas of scrutiny within the culture remit that were considered to be of continuing importance in Session 6. The Legacy Report highlighted the "findings of its arts funding inquiry".

The [arts funding inquiry referred to in the legacy report focused](#) on the issue of what a sustainable model of arts funding would look like, as well as how that funding should be made available to artists.

The report made a number of recommendations regarding the funding landscape. These included that the Scottish Government:

- articulate its spending plan for the forthcoming culture strategy, including what funding will be earmarked for the arts from other portfolios to deliver the national outcome on culture in a cross-cutting way
- should articulate a long-term strategy for protecting Creative Scotland's budget from fluctuations in National Lottery income and to do so before its existing commitment in the short-term to protecting Creative Scotland's budget expires
- needs to reset their relationship in relation to arts and culture policy, including approaches to funding. The Committee recommended that the Scottish Government adopt a proactive approach to re-engaging with all local authorities to discuss shared priorities for spending and to share best practice in leveraging investment in the arts
- work with relevant partners to create a refreshed approach for maintaining cultural venues across all parts of Scotland in the forthcoming culture strategy, supported by a clear funding approach
- should consider articulating a new, strategic approach to funding institutions of national significance (outwith the National Performing Companies and Collections) by first identifying which institutions it considers should be afforded this status, and secondly to identify how they can be funded in a sustainable way.
- investigate how a percentage for the arts policy could be established in Scotland to create additional investment in arts and culture and to embed it in planning for Scotland's creative future

The legacy report noted that the impact of the Covid-19 pandemic had placed an even greater pressure upon the arts in Scotland, and that the recommendations from

their inquiry remained 'highly relevant in the next session'. The legacy report concluded that it:

“recommends that a successor Committee continue to monitor how funding is being used to support the arts including if government portfolios are strategically aligned to fund the arts in a way that supports and delivers national outcomes.”

Budget scrutiny

During Session 6, the Committee has already taken evidence on the [2022-23](#) and [2023-24](#) budgets, both of which had a focus on culture and heritage. Evidence was also taken on the Scottish Government Resource Spending Review.

Budget Scrutiny 2022-23

The Committee's report on [Budget Scrutiny 2022-23: Funding for Culture](#) was published in November 2021 and it picked up on a number of the themes highlighted in the legacy report. Specifically, it focussed on:

- immediate funding priorities to ensure continued recovery from the impacts of Covid-19
- the need for multi-year funding
- a strategic approach to funding, including in relation to the National Outcomes
- mainstreaming culture across Scottish Government portfolios, especially in regard to health and wellbeing
- reforming funding mechanisms to ensure financial support to grassroots organisations.

The [response to the report by the Scottish Government](#), the Cabinet Secretary, discussed a number of commitments relating to the findings of the Committee. These included the future of 3-year funding settlements to be made to organisations through Creative Scotland, funding for cultural recovery following the impacts of Covid-19, and a series of discussions within the Scottish Government related to mainstreaming culture and a cross-cutting approach to health and wellbeing.

The response concluded by stating:

“I note the specific recommendation for Creative Scotland and local authorities as regards grassroots organisations. Creative Scotland's [refreshed Strategy and Funding Framework](#) sets out that it will move towards a more tailored approach to providing support “based on the specific context and individual needs of the organisations”, with funding applications and monitoring scaled according to investment. I believe these are positive intentions and will discuss further with Creative Scotland.”

Scottish Government Resource Spending Review

The Scottish Government's draft [Resource Spending Review Framework \(RSRF\)](#) was published in December 2021 and the Committee took evidence on it in early 2022. The Committee invited evidence from a selection of those witnesses who either contributed to the pre-budget scrutiny or might have experience of the mainstreaming of culture.

The Committee [submitted its report as a response](#) to the Scottish Government's public consultation on its resource spending review framework (RSRF) in March 2022. The response focused on the idea of embedding culture across Scottish Government portfolios, and noted that:

“Despite an increasing recognition of the established health and wellbeing benefits of culture, the Committee heard during both this inquiry and our pre-budget inquiry that this had not led to transformational change in terms of both a cross-cutting approach within Government and increased budgetary support for culture across a number of spending areas.”

The Committee made recommendations for the way forward for embedding culture across government portfolios. These included:

- providing an indicator in the National Performance Framework recognising the positive impact of access to culture, for example “the inclusion of data related to cultural prescribing within the national indicator which measures participation in cultural activity.”
- “consideration should be given to how Creative Scotland could work with NHS Boards, COSLA and the third sector in developing a national strategy for culture and health and wellbeing.”
- “empower public sector leaders to make the changes needed to deliver a more collaborative approach and rethink how performance is measured in delivering these outcomes.”
- “consideration of a more systemic approach to multi-year funding of scalable culture projects supporting health and wellbeing.”
- “within the spending review there needs to be reappraisal of what is considered as health spending. Specifically, there needs to be consideration of the contribution which preventative spend in areas like the arts and other cultural activities makes towards health and wellbeing.”

The Scottish Government responded in June 2022 and this reiterated the Government's commitment to a preventative and outcomes-focused approach to fiscal policy. It stated that:

“We recognise the important role that the culture sector can play in health and wellbeing and will continue to provide funding to support these key areas.”

Budget Scrutiny 2023-24

The [Budget Scrutiny 2023-24: Funding for Culture](#) Committee report, published in October 2022, returned to very similar themes. It started by highlighting the concern that the sector was facing a “perfect storm” of long-term budget pressures, increased operating costs, reduced income generation and workforce issues following the experience of the COVID-19 pandemic and the current cost of living concerns.

The report recommended that innovative solutions to the budgetary pressures faced by the sector are needed, before going into further detail about a series of potential solutions that the Committee had received evidence on. The solutions included in the report were:

- a percentage for the arts scheme, whereby a percentage of the overall cost of a construction project for new public buildings, places or spaces is spent on public art
- the Transient Visitor Levy
- continued funding for Culture and Business Fund Scotland

The report also made recommendations on the topics of mainstreaming culture across all policy areas and the need for multi-year funding in order to support this.

The Cabinet Secretary [responded to the report](#), providing an updated timeline for the publication of the Culture Strategy Action Plan refresh, as well as updates on the other recommendations made by the Committee in their report.

The Committee followed up the Cabinet Secretary’s response with [a letter in February 2023](#), raising additional areas of concern that had subsequently been highlighted to the Committee. This included the funding provided through Creative Scotland to regularly funded organisations (RFOs), the use of organisational reserves to support the day-to-day running of organisations and the difficulties faced by grassroots music venues.

The [response from the Cabinet Secretary received in March](#) discussed the concerns raised by the Committee and assured the Convener that:

“As I said during my evidence to your Committee I recognise that this is an incredibly worrying time for the culture sector. I am keen to continue to work with the sector to identify barriers to immediate and long-term recovery, and will continue to do everything within our powers and resources to help those most affected by current economic challenges.”

Culture in Communities inquiry

The Committee has recently heard evidence from a range of stakeholders as part of the [culture in communities inquiry](#). In this inquiry, the Committee did not set out to specifically explore funding. However, as funding is central to the work of many who

work in the sector it has been a theme in most of the sessions the Committee has undertaken.

The Committee heard about the difficulties organisations had in securing sufficient core funding, the need for creative work to be considered and funded separately from professional arts, and the fact that a small amount of money or access to a community venue could make a significant difference to many community and volunteer-led groups. The Committee were also told about the difficulties many groups faced when applying for funding streams, and how competitive many of these were.

The inquiry also heard evidence regarding the role of local authorities in funding community spaces and local cultural groups.

The Committee published its report on the [Challenges and Opportunities In Delivering A Place-Based Approach](#) on 14 September 2023.

Themes across the Committee's work to date

Across the work on funding for culture conducted by the Committee to date, several themes have emerged on a regular basis. The Cabinet Secretary has made commitments to the Committee on these topics which are detailed below. Members may wish to return to these themes during the evidence sessions.

Strategic funding models

All of the recent work undertaken by the Committee on the topic of funding for the culture sector has highlighted the need for improved funding models. This includes the commitment by the Scottish Government and Creative Scotland to introduce multi-year funding. In the [Cabinet Secretary's response to the Committee's 2022-23 pre-budget report](#), received in December 2021, the Cabinet Secretary said that "3-year funding settlements for the organisations in receipt of regular Government funding" is "an important Government commitment." He said that Resource Spending Review Framework, which had just been published, "will provide the culture sector and others with greater certainty for future planning."

In the [Cabinet Secretary's response](#) to the Committee's report on Budget Scrutiny 2023-24, he noted that:

"I remain keen to conclude some work on multiyear funding, even if economic uncertainty means that the figures for later years can be at most only indicative."

In the same response he commented on ongoing Scottish Government work on other potential funding schemes. This included introducing a 'percentage for the arts' scheme and a transient visitor levy scheme – both themes that have been noted several times by the Committee since the legacy report was published. The [Visitor Levy \(Scotland\) Bill](#) has since been introduced in May 2023. The Cabinet Secretary's response stated that scoping for the percentage for the arts scheme was at an early stage.

In [follow-up correspondence in March 2023](#), the Cabinet Secretary said—

“In terms of multi-year funding. I understand the need to have some sense of the planning horizon. I remain keen to conclude some work on multiyear funding, even if economic uncertainty means that the figures for later years can be at most only indicative.”

Funding received by organisations through local authorities is also a theme that the Committee has heard about during its work. The culture in communities inquiry had a particular focus on how Scottish and local governments worked together to support the culture sector. The legacy report had also recommended that: “the Scottish Government adopt a proactive approach to re-engaging with all local authorities to discuss shared priorities for spending and to share best practice in leveraging investment in the arts.”

Mainstreaming culture across portfolio areas

The work of the Committee to date has often highlighted the need to ensure that culture is mainstreamed across Scottish Government portfolio areas. This is especially true in the area of health and wellbeing, but not limited to that specific portfolio. In discussing the mainstreaming of culture, the Committee has often linked this theme to the performance of National Outcomes.

the [Cabinet Secretary’s response to the Committee’s 2022-23 pre-budget report](#) said—

“I am starting a series of conversations with fellow Cabinet Secretaries in the key complementary areas of education and skills; health and wellbeing; economic development; and net zero. This is so that we can identify areas of joint collaboration and action to inform our portfolios’ part in the multi-year Resource Spending Review. We intend this to inform both the outcome of that spending review and a longer-term cultural recovery plan.”

In the [Cabinet Secretary’s response](#) to the Committee’s report on Budget Scrutiny 2023-24, he discusses this theme stating:

“As I have said in my previous evidence session to this Committee, we have been working to develop closer cross-portfolio relationships, including with health and social care services. We will continue to prioritise that.

The Committee also asked for an update on the short life working group with health colleagues. This group includes colleagues with expertise and policy interests regarding social prescribing, but it is designed to have a broader remit covering a range of areas of policy crossover. The group have met in recent weeks and committed to working on joint actions. We will provide more information on the work of this group in our Culture Strategy Action Plan Refresh.”

In [follow-up correspondence in March 2023](#), the Cabinet Secretary provided examples of where cultural activities were contributing to wider outcomes. He said—

“You will be aware that our Culture Strategy, published in February 2020, sets out our ambition to place culture as a central consideration across Government portfolios. Whilst the landscape has changed since the Culture Strategy’s publication, we remain entirely committed to its guiding vision and ambitions. ... Please be assured [the Culture Strategy Action Plan refresh] includes a renewed commitment to demonstrate and advocate for the social and economic value of culture.”

Background Information

Culture Strategy

The 2020 [Culture Strategy for Scotland](#) is organised around three “ambitions”. The ambition of *Strengthening Culture* is largely concerned with how policy can support the creation of culture through funding or in-kind support to the sector. The ambition of *Transforming through culture* is concerned largely with recognising the value culture can have to supporting outcomes in other policy areas – for example in supporting health, education and tourism. The ambition of *Empowering Through Culture* addresses participation and supporting culture at community levels.

The Scottish Government is refreshing an action plan on the Culture Strategy. This was expected to be published in Spring of this year, as noted by the Cabinet Secretary in [correspondence to the Committee](#), however, this has not yet been published.

Other strategy documents

Across the culture sector there have been a number of strategic documents published recently that provide additional background information.

[Scotland's Museums and Galleries Strategy 2023-2030](#) is the second strategy for Scotland’s museums and galleries. It sets out a vision that:

“Scotland’s museums and galleries are thriving, connected, and resilient organisations which are agile in embracing change. Trusted and valued by the widest diversity of Scotland’s people, our collections, and the shared stories we tell, are accessible and inclusive to all.”

It links to the Culture Strategy and to the National Outcomes and has themes that also link to the Strategy for Scotland's Historic Environment. The three challenges that the strategy aims to address are the need to become more inclusive, the ‘climate emergency’ and the ‘ongoing financial crises.’ The strategy has three strands: connection, resilience, and workforce.

[Our Past, Our Future: The Strategy for Scotland's Historic Environment](#) is Scotland's national strategy for the historic environment for the period 2023-2028. This strategy adopts a ‘mission-oriented approach’. It sets out three priorities before detailing the strands of work expected to take place to meet these challenges. The three priorities

are: net zero, communities and places, and wellbeing economy. Some of the outcomes detailed under these priorities include:

- The historic environment is more climate resilient
- The historic environment is more diverse and inclusive
- The historic environment provides fair work

[Forward: Scotland's Public Library Strategy](#) covers the period 2021-2025. The strategy aligns with the Scottish Government's National Performance Framework and is underpinned by the three key themes of people, place, and partnership. The forward describes the strategy as:

“a bold new vision for libraries in Scotland. It builds on strong foundations and demonstrates that public libraries are the cornerstone of communities. The impact which public libraries will make as a result of this strategy will support community cohesion over the coming years, build capacity and promote wellbeing.”

High-level outcomes

The Scottish Government states that the [National Performance Framework](#) (NPF), “describes our ambitions, providing a vision for national wellbeing across a range of economic, social and environmental factors”. It sets out the “strategic outcomes which collectively describe the kind of Scotland in which people would like to live and guides the decisions and actions of national and local government”. There are 11 national outcomes, which are measured for progress against 81 national indicators.

One of the national outcomes covers Culture. This says:

“We are creative and our vibrant and diverse cultures are expressed and enjoyed widely”

There are four indicators under this outcome. These are:

- Attendance at cultural events or places of culture
- Participation in a cultural activity
- Growth in the cultural economy
- People working in arts and culture

The Committee has had a focus on how culture can contribute to wider outcomes including health and wellbeing. The health outcome in the NPF is:

“We are healthy and active”

The vision under this outcome highlights access to “world class, appropriate and free/affordable health, social care and dental services.” It continues —

“We prioritise health and wellbeing at national and local government levels and actively implement healthy public policy. We use evidence intelligently to continuously improve and challenge existing healthcare models. Our approach is integrated, preventative and person-centred. We are focused on resolving needs in order to achieve positive health, care and wellbeing outcomes.”

Creative Scotland’s new funding model

The programme for government 2021-22 stated—

“We will also invest in much-needed stability for the cultural organisations that we provide regular funding for, by agreeing 3-year funding settlements, to allow them to plan for a sustainable recovery.”

In July 2023 Creative Scotland [opened registration for organisations](#) to note their Intention to Apply for multi-year funding. They [announced on 17 August 2023](#) that more than 500 organisations had registered their Intention to Apply, with an indicative annual request in excess of £113m. Stage 1 of the application process for multi-year funding opens on 6 September, and will be open to all organisations that registered their interest.

The Creative Scotland news release notes that the response to the registration:

“provides a clear indication of the scale of ambition and need that exists across Scotland’s culture and creative sector.

“It is also a reflection of the rising cost of operations being experienced by cultural organisations due to increased inflation, the continued impact of the Covid-19 pandemic, and the need to address historic low pay issues through Fair Work First, all against a backdrop of standstill funding over a number of years.

“Based on current levels of funding, these figures also underline the fact that Creative Scotland will not be able to support as many organisations on a multi-year basis as we currently do, and the application process will be highly competitive.

“We continue to advocate on a daily basis for increased funding for culture and creativity in Scotland, and this will continue as we progress through the Multi-Year Funding process with a view to maximising the budgets available to us to support the Fund.”

Programme for Government Mandate Letter

Following the 2023 Programme for Government publication, the First Minister wrote a letter to each Cabinet Secretary setting out the priorities in their area. [The](#)

[Constitution, External Affairs and Culture letter](#) sets out the policy portfolio outcomes to be achieved over the current financial year. This includes the following outcomes in the area of culture:

- Publish our Culture Action Plan Refresh which will set out the next steps in delivering the aims and ambitions of the 2020 Culture Strategy, and complete initial actions to mitigate the impacts of Covid, Brexit and the rising costs of living and operating that have, in combination, created significant challenges for the sector.
- Collaborate with Ministerial colleagues across Government to mainstream culture in policy making. This will recognise the transformational power of culture as a medium to contribute to the achievement of the Government's key priorities.

The letter goes on to discuss the importance of collaborative working in delivering the outcomes. It states that:

“It requires collaboration with key partners: Local Government, business (including small businesses), communities and third sector partners, among others. I believe, as I know you do, that the participation of, and collaboration with, these key partners is essential. I ask you to continue to ensure you listen to their ideas, their views, and their lived experience, take into account potential impacts – as well as benefits - on them and put them at the centre of our work.”

Laura Haley, Researcher, & Ned Sharratt, Senior Researcher, SPICe
14 September 2023

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Constitution, Europe, External Affairs and Culture Committee Budget Scrutiny 2024-25: Prebudget Scrutiny 2023-24 Submissions

BACKGROUND

Over the summer, the Committee undertook a call for views on its pre-budget scrutiny work.

The [call for views opened on 25 June and closed on 18 August](#). The Committee's work on the budget has consistently looked at the cultural sectors and this year's pre-budget inquiry can be considered as a continuation of Committee's previous work in this area. The Committee sought responses under the following three questions:

1. [In our pre-budget report last year](#), the Committee described the operating environment of the culture sector as facing a "perfect storm" of long-term budget pressures, reduced income generation, and increased operating costs. How has this evolved over the last 12 months? What impact has the Budget for 2023- 24 had on the culture sector?
2. [Our report](#) also concluded that that this crisis provides an opportunity to accelerate innovative solutions to the budgetary pressures within the sector. What progress has been made on this in the last 12 months? And at a time of limited resources, what other innovative approaches could the Scottish Government take forward to support the culture sector?
3. [The Committee called for](#) the forthcoming refreshed Culture Strategy Action Plan to provide a clear and strategic sense of how the Scottish Government is working to ensure a more sustainable future for the sector. How should the refreshed Culture Strategy Action Plan help to inform future budgetary decisions within the culture sector?

55 responses to the call for views are [published on the Parliament's consultation platform, Citizen Space](#). Further [submissions can be found on the Committee's website](#). In all 67 unique submissions were received.

The intention of this paper is not to be exhaustive, rather it is to provide Members with an outline of the issues raised in the submissions.

This paper is in three further sections which reflect the questions the Committee asked: Current Situation; Funding Approaches; and Strategic Direction.

CURRENT SITUATION

Respondents suggested that the sector remains in a difficult situation. Artlink Edinburgh and Lothians said, “increased costs and chronic standstill funding erodes the capacity of cultural organisations”. Artlink is involved in supporting people with complex disabilities or needs. The submission from the Culture Collective reported that community-based programmes or organisations were reporting increased levels of need from their communities as well as increasing costs.

Historic Environment Scotland said that the key challenges in its sector “include funding and financial resilience, the rising costs of staffing, energy, goods, and services, the costs of repair, maintenance, and retrofitting, and skills and labour shortages.”

Museums Galleries Scotland’s submission stated—

“In the last 12 months, the cost of living crisis has made it extremely challenging to attract visitors which is compounded by the fact that the cuts are impacting on the quality of what these organisations can offer and their ability to maintain the buildings that house these important collections. In a recent survey, when asked about budgets cuts or loss of income, more than half of our respondents reported cuts or losses, with some seeing reductions of more than 50%. Most (91%) of our respondents reported increases in buildings and operational costs - these ranged between 1-10% and some even over 50%. The last 12 months have seen many organisations left with no option but to cut into their reserves reporting just 3 to 4 months remaining and some organisations with less than that. With no core funding to fall back on this makes their future financial position extremely precarious.”

Creative Scotland’s submission also noted that the sector faces very significant challenges but also highlighted the positive work being undertaken, saying there is “no shortage of success stories to be told about Scotland’s culture and creativity and “creativity in all its forms continues to be a vital part of life in Scotland.”

Reduced delivery and risks to organisations

Creative Scotland said that of the 120 Regularly Funded Organisations, “up to a third of these organisations are at serious risk of insolvency in the short term, and over half are financially weak (requiring redundancies or other cost savings)”. Creative Scotland continued—

“The organisations at risk of insolvency in the short-term due to standstill funding and increasing costs include:

- Major cultural organisations of national and international importance
- Key nationwide festival infrastructure
- Producing companies and venues in the performing arts
- Community focussed arts organisations

- Many organisations focussed on Equalities, Diversity and Inclusion (EDI)”

In terms of performing arts sectors, BECTU said that there had been a “significant reduction in the quality and quantity of output as organisations cannot afford to take either financial or creative risks”. A joint submission from six of Scotland’s independent producing theatres explained that they were seeing no growth in earned income, standstill public funding and rising costs. To address this, they are reducing their output. Despite reducing output, some organisations are still reporting deficits; the Scottish Contemporary Art Network quote one of its larger members which said, “for this coming year alone, we face a c £300k deficit on a very stripped back programme”.

Literature Alliance Scotland said that while none of its members reported being at risk of closure at this time—

“If Government funding was to be cut or remain at standstill it would be a disaster. We would see wide-ranging cuts to our members’ activity and staffing hours at the least, and complete organisational collapse at the worst. Members cited the pressure of slicing thin budgets thinner and the demoralising cuts to programming and staffing. Several members noted that they would be forced to close areas of work completely, losing partners and community participation.”

Glasgow Life’s submission said that cuts are affecting the offer in its museums and the festivals it produces. The Museums Association said—

“Over the last twelve months many museums have begun to use their reserves due to declining budgets and increased costs. Some museums are unable to use reserves so are having to make cuts to their workforce or take other cost saving measures such as reducing opening hours or cutting back on community engagement and public programming.”

Museums Galleries Scotland described a “hollowing out of museums services in this way has a strong negative impact on the overall quality of the service and what it can offer to communities and visitors”. MGS continued “running and operating depleted, basic museums services to keep the doors open does not echo the sentiment and ambition of the culture strategy in Scotland”.

The Music Venues Trust said that it has identified six venues that have closed in recent years.

Local government (and ALEO) picture

Local authorities play a significant part in supporting culture and the arts in their areas. COSLA and Directors of Finance Section’s joint submission noted that in the most recent audited accounts for local government total direct net expenditure on culture was £193m. However, this does not include “does not include significant additional spending which is relevant to the cultural sector, such as community

centres and other recreation and sport facilities” nor the costs of maintaining important “local, regional and national cultural and historical assets”. It said—

“As a result of the real-terms reduction in core funding, increasingly directed spend and protections in areas such as education and social care, Councils have had reduced flexibility over local spend, with cuts falling disproportionately on the remaining, unprotected areas, such as culture and leisure. This has resulted in decreased investment in culture and leisure services over the last decade or so.

“The 2023/24 Budget represented another real-terms reduction in funding for Local Government and costs have continued to rise. Even more difficult choices have had to be made by Councils, such as the closure of swimming pools, libraries and cultural venues.”

Moray Council said that it had “witnessed a reduction in the number of cultural events delivered by local communities in Moray due to rising costs to organise/deliver”. Moray Council said that there is a mismatch between how we value culture and how we fund it. It continued—

“The loss of LA funding or properly resourced support for coordination and collaboration is devastating for regional arts and culture infrastructure. This in turn impacts the ability of the regions to attract the populations and skills required for economic growth and development.”

Culture Aberdeen’s submission noted the closure of the Belmont Filmhouse in Aberdeen and it stated—

“The operating environment for the Cultural sector continues to be fraught. ... In Aberdeen and the North-East this has seen libraries and leisure centres close, and there has been a contraction in Culture Funding pots. These venues, and grants, are not easily replaced in the current climate and longer-term planning for the sector is still difficult.”

Community Leisure UK said that some of its members could see a “fiscal cliff edge” where “services become unsustainable”. Glasgow Life’s submission stated—

“Longer-term trends in local government funding continue to be amongst the most significant factors impacting on the capacity and sustainability of the cultural sector. This is because local government remains the most significant funder of local cultural activities across Scotland ... Culture (and leisure) provision remains particularly vulnerable to this combination of long-term reductions in local government finance and increasing ring-fencing [of local authority budgets].”

Aberdeen City Council said that “it has commissioned a review of cultural service provision to determine if there are additional models or partnerships which may improve the delivery and sustainability of culture in future years”, and that it is clear that “the current approach with declining local authority budgets and pressure to make savings each year is unsustainable in the long-term and new models need to be explored in the absence of substantial increases in central funding support”.

CLUK said that there is an “urgent need to develop plans to reshape services for future anticipated reductions and to work with local authorities to strategically plan for the future.” CLUK also noted that the recent Verity House agreement may affect how cultural services are funded.

COSLA and Directors of Finance Section’s joint submission said that there is “an extremely challenging position for Scotland’s public finances, as well as the cost-of-living crisis and other pressures relating to pay, inflation and rising demand for services.” It said—

“In the context of the Verity House Agreement, Local Government has an expectation that many of the structural issues raised in our previous submissions to this and other Committees will start to be worked through jointly as we approach the Scottish Budget 2024/25 and subsequent budgets. Only by working together to tackle shared priorities will Scottish and Local Government be able to achieve better outcomes for people.”

National public bodies

National Libraries of Scotland’s submission noted that in January this year “all Public Bodies were asked to submit an account of what steps have been taken so far towards working more efficiently and effectively across public bodies, and who we might partner with in the future to ensure the delivery of joined-up, people-centred and sustainable public services.” NLS also reported that “Chief Executives of Culture bodies funded by the Scottish Government met with Civil Servants in August 2023 to discuss a mechanism to collectively develop, agree and put proposals to Ministers by the end of December.” However, it continued—

“While we are eager to play an active part in these plans and committed to the Christie Principles and working collaboratively to support the ambitions in the National Performance Framework, given the increasing funding pressures over the last decade and the efficiency measures that have taken place across the sector, alongside increasing costs of essential maintenance and capital work, salaries and utilities, it is difficult to see how cultural bodies, such as the National Library of Scotland, could be more efficient in the short to medium term, without cutting back on core activities such as opening times for the public, exhibitions, digitisation, events and outreach work. In the long term, for Culture to thrive, there needs to be structural change to support joined-up delivery across organisations in line with a clear cultural strategy action plan which recognises the vital role culture plays across government portfolios and the tangible value it brings to improving the lives of individuals and communities.”

Creative Scotland funding

This year sees the delayed refresh of Creative Scotland’s multi-year funding scheme. Creative Scotland’s submission explained—

“On 17 August, we announced the fact that just over 500 cultural organisations have registered their intention to apply for Multi-Year Funding,

with Stage One opening for application on 6 September. The indicative annual value of those applications is in excess of £113m. This is roughly three times the amount that Creative Scotland has available to support organisations on a multi-year basis, unless the budgets available to us increase.

“As such, we anticipate being able to support far fewer organisations in the future, compared to the 350 organisations that we currently support on a multi-year basis.

“This message is being communicated to the culture and creative sector as we roll out the new Fund, including through Briefing Sessions and regular communications across our channels.”

And later Creative Scotland said—

“We are clearly communicating that, unless budgets from the Scottish Government increase over the coming years, the new Multi-Year Fund will not be able to support as many organisations across Scotland as we currently do. Our aim will be to provide sustainable support to a smaller number of cultural and creative organisations. This means that many organisations currently operating will either need to adapt the scale and scope of what they do or, inevitably and unfortunately, cease operating.”

Creative Scotland said that it is carrying a reserve of around £17m. This has been earmarked to “support organisations who are currently in receipt of year-on-year funding from Creative Scotland, but who are unsuccessful in their application to the new Multi-Year Fund”.

A number of submissions note that the new process brings with it a level of uncertainty and apprehension. Scottish Contemporary Art Network said—

“This will be the greatest upheaval in public funding for the arts in a decade and place significant demand on Creative Scotland itself. Current indications are that the process will result in the loss of significant capacity in the sector as standstill funding has created a black hole in the cultural economy in Scotland and funds cannot match the ask.”

Aside from the multi-year funding scheme, Creative Scotland said that applications to its Open Fund had increased by 52% from 2019/20 to 2022/23 and that “this high demand is continuing into the current financial year”. It also stated it had “reduced the scope of our Targeted Funding routes due to budget pressures, all of which means that while demand from both cultural and creative organisations and individuals is increasing year-on-year, the budgets we have at our disposal are decreasing in real terms.”

Screen Scotland

In terms of Screen Scotland, Creative Scotland said that last year there had been an “unplanned for” cut of £2m in 2022-23 which “impacted skills development, business development and production attraction”. Scotland has seen significant growth in the screen sector in recent years. Creative Scotland’s submission stated—

“How Scotland captures that growth is in part dependent on Screen Scotland’s ability to work with US based studios and platforms. This is particularly crucial in 2024/25 when it is expected the current US strikes for actors and writers will be resolved, unlocking another period of growth. The risk is that if Scotland does not capture those new film and TV projects, they will land elsewhere in the UK or Europe and will be anchored there for years to come.”

Skills gaps

HES and Industrial Museums Scotland noted that there are skills gaps in their sectors. Culture & Business Scotland’s submission stated—

“Many organisations are now struggling to recruit both short-term freelance and core staff, with, for example, a major skills shortage of technical staff impacting on the delivery of live events and the performing arts ... In addition, organisations are struggling to replace expertise in development roles such as fundraising and business development which is significantly impacting their ability to secure vital additional or new resources to compensate for a reduction in public funding.”

Audiences

Some submissions noted that audiences have still not recovered to pre-pandemic levels (e.g. BECTU); others (e.g. Fèisean nan Gàidheal) suggested that audiences are returning. HES indicated that visitors to its sites were up but remain below pre-pandemic levels. Aberdeen City Council said—

“Demographics have changed following Covid-19, with research showing that older audiences who may have been the core arts participants pre-Covid, are staying home more and cost of living pressures mean families are placing less priority on cultural activity and days out”

Creative Scotland’s submission noted that its most recent audience intention survey showed that “arts and cultural activities have decreased in importance for the public due to rising cost of living concerns, with the public cutting back on their expenditure on arts and culture and becoming more concerned about ticket prices.”

Private funding

The National Theatre of Scotland said that competition within the culture sector for income from trusts and foundations had increased and it had seen “many major foundations making a marked a shift away from culture towards poverty alleviation”. The Fruitmarket Gallery also reported that accessing private funders has also become more challenging. It said—

“The fundraising environment is much like after the 2008 crash in terms of scarce and thinly spread funds. ... We have recently had two instances whereby long-term funders have reduced our grants by 25% in order that they can find funds for the overwhelming amount of applications and requests they

receive. Philanthropists have told us that they are happy to support organisations at this time of crisis but don't want to see their support as a replacement for or even a long-term supplement to proper government funding.”

Scottish Contemporary Art Network suggested that the Scottish Government is “at risk of misunderstanding the nature of, and availability of, philanthropic investment in culture” and that philanthropic support is not a substitute for core funding and public investment. SCAN said—

“The pandemic and costs crisis has seen greater competition than ever for this kind of support. Trusts and foundations rarely provide support through a motivation to replace core funding, or substitute for government investment, but are more likely to build targeted and strategic initiatives with clear aims, and short to medium term focus. A shift in emphasis to greater reliance on philanthropy and/or sponsorship is fraught with conflict around greater policy goals, resulting in the kind of conflicting positions across Scottish Government policy that were revealed around the recent proposed alcohol advertising legislation.”

Culture Counts said that the “sector is inherently innovative and creative across all that it does including in diversifying its income, which is why it has survived in recent years” but the sector has “exhausted cost cutting initiatives and innovative schemes for diversifying income at an organisational level.”

Fair work and salaries

Fair work practices and conditionality in grants were supported, however some noted that this is a cost pressure.

More broadly, a number of respondents noted the wider financial pressures and inflation being faced by workers in the sector. PCS submission suggested that low pay was leading to high turnover in some areas of HES' work. Literature Alliance Scotland reported that its members reported difficulty with staff retention. Both National Museums Scotland and National Libraries of Scotland reported that they were yet to find out how much Government funding they will receive to implement Scottish public pay policy.

The Musicians Union commented that the rates of pay in some of Scotland's orchestras “is the lowest in the UK”. The RSNO's submission said that standstill budgets had meant that “salaries have been suppressed to deliver balanced budgets” and that the RSNO is now “uncompetitive in the UK employment market”.

A number of submissions highlighted the strains on workers in the sector dealing with tight budgets. The morale of the workforce is a concern expressed in several submissions.

The Musicians Union and University Museums in Scotland noted the additional difficulties and costs associated with Brexit, in relation to touring and international loans respectively.

FUNDING APPROACHES

A broad theme across many submissions is an ask for more money for the sector. Culture Counts was specific on this matter. It called for a 30% increase of the Constitution, External Affairs and Culture Portfolio budget, which it calculated as being £104m.

Multi-year funding

As in previous years, a key theme of submissions was a call to move towards more multi-year funding. The Culture Collective's submission argued that the multi-year funding for community-based organisations was an approach which led to a range of positive outcomes. MGS' submission said—

“It is clear that, without the implementation of multi-year funding packages, as per the Committee's recommendation from last year, there can be little progress in finding solutions to the current crisis.”

PCS' submission contrasted the strategic plans of public bodies, which typically cover around 5 years, with the annual funding settlement those bodies receive.

Culture Counts' submission said that the “barriers to providing appropriate investment and a multi-year settlement are unclear given that the culture budget has represented such a low percentage of the overall budget” and therefore the risk is small. It said—

“Short-term and annualised funding settlements are not conducive to forward planning, organisational and staff security and achieving long-term change. It puts the sector under significant pressure and creates an unproductive environment of uncertainty and competition when we should be encouraging strategic and sustainable planning and collaboration. The late confirmation of budget levels compounds the challenges of forward planning and programming. Implementing Multi-year funding would enable long-term planning and is key to future proofing. Doing so will fulfil the Scottish Government manifesto commitment of delivering three-year funding settlements, which has yet to be delivered.”

In -year uncertainty

National Museums Scotland said—

“We believe that Scottish Government has taken a step backwards on multiyear funding as we struggle to even get one year funding confirmed. It will be halfway through the current financial year before we have the confirmation on our Grant in Aid which will allow us to have meaningful conversations with the Trade Unions on pay.”

Creative Scotland's submission said that the £6.6m reversal in planned cuts to its budgets had not yet been confirmed in its budget for this year. The submission later said, “we are currently in discussion with Scottish Government on the possibility of

'in-year savings' and have been asked to consider where we would be able to make cuts to our Grant-in Aid budget for the current financial year, 2023/24."

Increased collaboration

Several submissions highlighted instances where organisations had sought to collaborate more to share costs. Joint submission from six of Scotland's independent producing theatres highlighted a review that they had commissioned which had recommended that they take more "collaborative approaches to production, marketing, learning and participation and the development of new income streams". The submission from the National Theatre of Scotland said that it is trialling a database to support the sharing of costumes, props and sets, and that "National Performing Companies are currently working together on shared procurement and learning around software, professional services and insurance".

The RSNO suggested that better linkage between the screen sector and Screen Scotland and the music sector, specifically in relation to film, TV and game music, could be beneficial.

A number of submissions highlighted the work of the Culture Collective. Creative & Cultural Skills' submission said—

"The Culture Collective programme in and of itself has enabled greater collaboration between organisations and artists and has provided a lifeline for many communities in a wellbeing context post-covid. This has also fertilised further relationships, connections and synergies on a national level and has generated a positive force, face, and message in relation to socially engaged practice, whilst becoming an innovative example of how funding can support networking, training, shared experience, and peer learning from a wider platform."

Suggestions for different funding models and innovation

The Stove Network argued for—

"a new strand of cultural funding for Scotland that SITS ALONGSIDE current provision - this being a fund for 'Participation in Culture'. This would bring Culture into line with the support structure for Sport- which has a strand for 'Elite Sport' and one for 'Participation in Sport'".

Creative Lives argued that "bureaucratic barriers should be reduced for local and community led groups". It said that "while many groups are too small to qualify for funding, for those who do choose to explore the possibilities of accessing funding they find a system that is often set up to fail, being placed in a competitive process with organisations who have staff and capacity to access the required data, statistics, reports and scoring matrices required to access local and national funding." Creative Lives highlighted the "microgrant" scheme it had administered – 54 grants of £300 – and suggested that this should become a permanent feature of the funding landscape.

The submission from Drew Wylie Ltd, a consultancy firm, argued for funding to be delivered across three new programmes:

- A programme dedicated to supporting transformation of operating and business models.
- A programme dedicated to maintaining and widening access to cultural activity, both participative and as audience.
- A programme dedicated to supporting international partnerships and collaboration, and participation in European Commission programmes in particular.

The Digital Preservation Coalition's submission said that if innovation is read as "a pivot towards technologies" this requires consideration of additional up-front costs.

HES' submission said—

"Innovation requires a combination of boldness and necessity; however, this is not possible when external pressures mean that many organisations are focused on the essentials and cannot dedicate resources to potentially risky new approaches. This means that understanding how to offer new solutions to long-running challenges and leverage new technology is rarely at the top of organisational priorities.

A number of submissions touched on the wider tax landscape. The Fruitmarket Gallery asked that the Government advocate for an expansion of the Museums and Galleries Tax Relief. Culture Counts said—

"The sector has welcomed the Scottish Government support and collaboration with the UK Government to secure cultural tax breaks including Exhibition Tax Relief, Theatre Tax Relief, Orchestra Relief, energy bills relief scheme, etc. This has provided a lifeline for many organisations without which their financial situation would be much bleaker. We would urge the Scottish Government to work to maintain these commitments and collaborate further with the UK Government on future investment opportunities, however, these alone, are not enough to rebalance the gap in investment that the sector has experienced or provide the sustainability the sector needs."

The RSNO said that the continuation of Orchestra Tax Relief at 50% production costs is vital and if "rates return to 35% in 25:26 and then 25% in 26:27 as planned, this will have a significant impact on the RSNO". The Music Venue Trust called for business rates relief for grass roots music venues.

Several respondents commented on the proposed Transient Visitor Levy. At this stage there remains uncertainty around how a TVL might contribute to the culture sector and where. Several also discussed "percentage for the arts" proposals, although there was inconsistency around what this meant. Some referred to the SNP manifesto commitment to "establish a 'Percentage for the Arts' scheme which will create a requirement for a percentage of the overall cost of a construction project for new public buildings, places or spaces to be spent on community art

commissions.” Others referred more broadly to an aspiration that a percentage (1%) of total public funding to be spent on culture and heritage.

The Music Venue Trust noted that DCMS had committed to increased funding for Grassroots Music Venues and asked whether there would be Barnett consequentials as a result. The MVT also reiterated its call for a levy to be made on “stadium and arena shows” to support local small venues.

Culture & Business Scotland’s submission discussed the Culture and Business Fund Scotland, which was reduced in 2022-23 to £200,000 (from £300,000 the previous year). The model for this fund is that public funding leverages private funding and Culture & Business Scotland said that on average “the fund has been the catalyst for attracting an average of £1.21 of business investment for every £1 of public funding”. Culture & Business Scotland reported that in the past two years “funds available have been exhausted well before the end of the financial year and therefore it has been necessary to close the fund to applications”.

Aberdeen City Council’s submission said that “in the last 12 months there has been little evidence of progress in delivering or scoping any solutions to the national budgetary pressures in the sector, innovative or otherwise” and that there “has been limited engagement opportunities with central government seeking to understand or address the issues facing local authorities and regional cultural sectors” It noted that the UK Government has started to fund cultural activities in Scotland. It said—

“One positive in the previous 12 months has been the emergence of direct funding support from the UK Government post-Covid, particularly in the form of the UK Shared Prosperity Fund. While there may be some political discussion to be had about the process of UK Government directly funding cultural activity in a devolved nation, the addition of new funding streams for local authorities and arts organisations to access are always welcome at the operational end. In Aberdeen this funding has and continues to support cultural projects across the city.”

Museums Galleries Scotland’s submission said that “the absence of alternatives, some organisations have cited a need to consider whether they can charge for admission to create income.”

Cross-portfolio funding

Creative Carbon Scotland argued that the “silo-isation of funding” is a key barrier to cross-cutting work, as funding streams can be limited in the outcomes they are seeking to achieve. The Bòrd na Gàidhlig’s submission highlighted that some organisations can be aware of the links between culture and wellbeing “but do not have the knowledge, skills, or capacity to develop them and obtain funding - i.e., what funding might be accessed and how the case for a project and funding should be expressed.”

The Museums Association said that “in order for cultural organisations to be able to deliver against cross-departmental policy priorities in a strategic and impactful way,

they need to be given adequate core funding to be able to dedicate the time of permanent staff to this work.”

The Bòrd called for work to set out the “current position on links and funding for cultural activities that support health and wellbeing outcomes and how these can be developed and put on a more formalised basis.” University Museums in Scotland highlighted that different policy areas have different “frameworks, methodologies and approaches to recording and reporting impact” and it called for “central support and investment in developing a shared understanding and a more cohesive infrastructure and framework to reporting”.

HES argues for a review of Scottish Government frameworks to “remove barriers to government portfolios and public bodies delivering across the national outcomes where, currently, budgets are allocated to portfolios that tend to align to singular National Outcomes.”

Public Health Scotland identified its “top three asks” in the budget to tackle health inequalities—

- Prioritise investment in primary prevention
Including “targeted and long term investment in the building blocks of a healthy society will help to drive progress to deliver Scotland’s shared priorities.”
- Invest in Public Service Reform to drive true culture change
Including “enabling greater flexibility in cross-organisational budgets. Introducing greater accountability across our public services for making progress on the long-term challenges and cross-sector delivery that will deliver improved outcomes.”
- Prioritise delivery of co-benefits
Including “putting health and wellbeing at the core of our national and local response to complex issues, such as climate change and addressing poverty”

COSLA’s submission reiterated its call for a “whole systems approach” but said that “we are not yet seeing the transformational change needed in terms of a cross-cutting approach and increased budgetary support for culture across Scottish Government spending profiles.” COSLA also said that “the Scottish Budget needs to reflect a far greater focus on prevention and early intervention”.

At a local level, Moray Council argued that “culture should be at the centre of community planning, and lack of local investment due to the pressures put on local government budgets mean there is often no identifiable organisation or department where this responsibility should sit.”

Fèisean nan Gàidheal’s submission noted that it had undertaken work funded through the Government’s Island Team as part of the implementation of the National Islands Plan. This is an example of cross-portfolio funding. Another example was provided by Creative Carbon Scotland which noted that both the Government’s Culture and Climate Change Directorates supported a project called Climate Beacons.

Capital

The National Library of Scotland highlighted “significant backlogs in component replacement to keep our complex estate functioning and safe e.g. air handling units/chillers/smoke extract systems”. The Museums Association said—

“The majority of museums in Scotland are in historic and vitally important listed buildings. Many museums now face daily battles against leaks, crumbling buildings and creaking infrastructure. There is a huge backlog in repairs and maintenance and urgent investment is needed to resolve these issues as museums do not have the budget to fund this essential work.”

Industrial Museums Scotland called for funding to support contributions to Net Zero goals, specifically funding to install solar panels to reduce the energy costs for its members. However, MGS’ submission stated, “not only is the funding in Scotland insufficient to meet the scale of demands of the sector for basic repairs and modest energy efficiency measures, but it does not even allow for consideration of the kind of upfront investment that would be needed to meet net zero policy targets for the whole sector.” The National Theatre of Scotland has received a grant for solar panels, which it said has “resulted in considerable savings for the organisation”. The National Theatre of Scotland continued—

“Capital funding which could enable organisations to save money on an annual basis whilst also contributing to the Scottish Government’s net zero policy represent a virtuous circle which must be championed.”

Scottish Contemporary Art Network noted that Creative Scotland does not currently fund capital projects.

STRATEGIC DIRECTION

The Scottish Contemporary Art Network’s submission stated—

“Alongside the budget challenge, and closely bound up with it, the next most significant challenge for culture in Scotland is that the current crisis, and major changes to the funding portfolio within Creative Scotland’s budget are unfolding within a highly uncertain strategic and policy context.”

VOCAL’s submission said that “there is a genuine concern that by the time the action plan is published/implemented, the culture sector will be too lean to be able to respond.” The Ayr Gaiety Partnership said that there is “a need for a clear statement of the role of culture in Scotland and in particular the role of public funding for Culture” including the more commercially focused parts of the sector.

The Scottish Booktrust’s submission also saw a lack of funding a key strategic barrier. It also stated—

“The original Culture Strategy expressed a series of aspirations. A strategy, as such, would tell us where we want to be, why we want to be there, and how we are going to get there, in detail. To ensure a more sustainable future for the sector, it would define clear long-term priorities, a rationale for them,

and commit itself to backing strategic change with the necessary ringfenced investments over time.”

The joint submission from six independent producing theatres called for an acknowledgement “that Net Zero and Fair Work First priorities have a significant financial impact on our fragile business models and cannot be implemented without extra targeted support”. COSLA’s submission said—

“Although publication of the Culture Strategy was welcomed, it is not very clear on how the ambitions would be achieved or how the strategy may inform budgetary decisions. The Culture Strategy Action Plan should set out clear, realistic actions.”

A key theme from a number of submissions is the importance of venues. For example, the Scottish Artists Union noted that studios are “essential workplaces for many artists” and “soaring costs” have contributed to artists giving up their practice or moving to more affordable countries. In terms of participative arts, Making Music said—

“Over the last year, the most concerning challenge has been access to spaces for rehearsing and performing. These are often spaces owned and controlled by local authorities, and by churches and schools. Increased costs, and disinvestment in these spaces for public use are seriously impacting music making.”

In terms of rural communities some respondents (e.g. Rafford Village Hall) highlighted that key infrastructure of venues and public transport is required to allow for access to culture. More broadly a number of submissions noted that national funding can be concentrated in Edinburgh and Glasgow.

COSLA’s submission suggested that there should be greater clarity on what is meant by the word culture and better understanding of what this means across “all Scottish Government Directorates”.

Industrial Museums Scotland called for a greater emphasis on the museums sector within the strategy. Creative Lives quoted its members that had argued for “greater recognition of the value of creative activity at the most local level”.

Culture & Business Scotland suggested that culture’s contribution to tourism should be better recognised and that a voice from the culture sector should be included within national and local tourism policy forums.

Culture & Business Scotland also recommended that the action plan focus on skills development and supporting cultural organisations to become more entrepreneurial. Culture Counts “urgently called” for a Strategy for the Creative Industries.

Ned Sharratt
SPICe Research
13 September 2023

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The Scottish Parliament, Edinburgh, EH99 1SP www.parliament.scot

Written submission from VOCAL Scotland

VOCAL is a member-led organisation for culture and leisure professionals in Scotland. Collectively we aim to evidence, promote and enhance the ability of culture and leisure services to have significant positive impacts on individuals and communities throughout Scotland.

We actively promote and advocate for the contribution of culture and leisure services in terms of their intrinsic benefits and their impact on national policies including health, learning, the environment, the economy and community development.

In our pre-budget report last year, the Committee described the operating environment of the culture sector as facing a “perfect storm” of long-term budget pressures, reduced income generation, and increased operating costs. How has this evolved over the last 12 months? What impact has the Budget for 2023-24 had on the culture sector?

The operating environment facing the cultural sector continues to be exceptionally challenging. It is the view of VOCAL that there has been little progress with regard to implementing the solutions set out in the Committee’s report and very little evidence that the future of the cultural sector in Scotland is sustainable.

Longer-term trends with local authority funding of their cultural organisations continue to be amongst the most significant factors impacting on the capacity and sustainability of the sector.

In summary, the sector has seen standstill budgets for more than a decade, In the last financial year cultural organisations who had any reserves have had to use them in order to cover their operating costs.

Local authorities continue to make increasingly difficult choices about budget allocation amongst competing priorities. In general, cultural services are regarded as discretionary services and continue to be perceived as “nice-to-have”, rather than “need-to-have” services.

This is despite an already large and increasing body of research evidence highlighting the direct and indirect contribution cultural services make towards economic, health and social cohesion policy outcomes.

Libraries are the exception. However, the Accounts Commission indicates that real term expenditure on public library services has declined by 36% between 2010/11 and 2020/21. This downward trajectory continues.

Real terms museums expenditure during the same time period also declined by 22%. Research commissioned by VOCAL and Museums and Galleries Scotland in 2023 reviewed the health of the country’s civic museum sector. This identified a number of key issues and concerns across the sector. These included:

- Capital investment primarily directed towards new or large projects with little scope to support a long-term backlog of building maintenance and repairs making some venues less attractive or accessible for visitors
- Varying experiences of funding reductions based on management models, size and scale. A number of smaller services face “existential risk”, but all services felt further cost reductions were extremely likely
- Limited options to generate additional income other than those which had already been implemented. Most services also indicated that there appeared to be little political appetite to introduce entry fees
- Operational cost spiral related to inflationary pressures and labour costs impacting on ability to refresh programming

Income generation by the cultural sector, meanwhile, remains extremely tough.

Accessing additional support from grant-making organisations including Scottish Government, Creative Scotland and the range of charitable funders including grant-making trusts is highly competitive.

Organisations currently in receipt of regular funding from Creative Scotland face uncertainty as the organisation moves to its new, Multi-Year Funding programme. The new framework is anticipating significant cuts to the number of organisations supported. The potential defunding of a significant number of organisations as reported in the Creative Scotland Annual report, could be devastating to the organisations cut, their communities and to the wider sector. It is still unclear where the impact of those cuts will be felt the most.

Across the country the level of publicly funded cultural service provision has been depleted to the most basic level. Many cultural organisations are operating on skeleton staff which is not sustainable. Most cultural organisations rely on volunteers to support the delivery of programmes and activities at a local level, however, the impact of the cost-of-living crisis has resulted in a national depletion of volunteers

The lack of recognition for the voice of culture to be represented at strategic planning levels remains a concern, particularly within community planning partnerships, where culture can still be regarded as ‘nice to have’ but not necessary.

Our report also concluded that this crisis provides an opportunity to accelerate innovative solutions to the budgetary pressures within the sector. What progress has been made on this in the last 12 months? And at a time of limited resources, what other innovative approaches could the Scottish Government take forward to support the culture sector?

Scotland’s spend on culture as a percentage of GDP is still one of the lowest in Europe.

Seeking innovative solutions does not address the fundamental issue that there is not enough budget allocated to culture and the current funding model is flawed. The necessity to progress beyond annual budget allocation to multi-year funding is absolutely essential if the sector is to sustain itself.

There is an opportunity for government to be more innovative in its allocation of funding to the sector via the proposed Visitor Levy. While scale of revenue remains unclear, there is scope for learning from Manchester where a partial city-centre levy system has been implemented.

Finally, despite all the evidence and previous debates and discussion at various committees, no radical change has taken place together bring the benefits of culture and health and wellbeing.

The Committee called for the forthcoming refreshed Culture Strategy Action Plan to provide a clear and strategic sense of how the Scottish Government is working to ensure a more sustainable future for the sector. How should the refreshed Culture Strategy Action Plan help to inform future budgetary decisions within the culture sector?

The absence of a published refreshed Cultural Strategy Action Plan makes it very difficult to identify ways it can inform future budgetary.

It is the view of VOCAL that the action plan should outline an approach and model for funding the culture sector in Scotland. It should also respond directly to the specific points and recommendations set out in the CEAC Committee report of 2022.

There is a genuine concern that by the time the action plan is published/implemented, the culture sector will be too lean to be able to respond.

The refreshed action plan should specify practical mechanisms regarding cultural organisations accessing funding via other funding priorities such as health, education and social care. Although the first draft did suggest this as an approach, there is limited information beyond aspiration statements on how this will actually happen.

Written submission from Scottish Library and Information Council

The Scottish Library and Information Council (SLIC), established in 1991, is an independent charity and a registered company. It is managed by a Board of Trustees. SLIC is a membership organisation and libraries from all sectors across Scotland are eligible to join. Members come from public libraries (all 32 public library services are members) Higher Education and Further Education libraries, Health libraries and a range of special interest libraries. SLIC is also the independent advisory body to the Scottish Government in Library and Information related matters.

In our pre-budget report last year, the Committee described the operating environment of the culture sector as facing a “perfect storm” of long-term budget pressures, reduced income generation, and increased operating costs. How has this evolved over the last 12 months? What impact has the Budget for 2023-24 had on the culture sector?

SLIC would advise that the current budget pressures have been a long time in the making and the perfect storm has been in play for some time. Budget pressures are not only the result of issues over the last 12 months and/or the pandemic. In essence, there has been a hollowing out of public and school library services in Scotland since the credit crunch in 2008 and the austerity which has been inflicted on the public sector as a result. Since the pandemic, library services have found it difficult to re-open and offer any kind of consistent service. Libraries have struggled to fill vacancies, partly because many frontline vacancies comprise part-time hours and due to the cost of living crisis, job hunters are looking for better contracts. Morale is low due to constant firefighting and covering vacancies. Material Fund budgets have been greatly reduced in an effort to balance budgets and in some cases now unable to provide the most basic of materials for library users. As a result, libraries have no capacity to apply for grant funding to provide added value services or identify ways in which to generate income. It is ironic that library services find themselves in this position now when they, in many ways, have never been more needed. Libraries are an integral part of the culture sector in Scotland. For many people their first cultural experience takes place in a library. Reading remains the nations favourite cultural activity. For many access to reading widely is provided through their own local library. Libraries have supported the public through the cost of living crisis over the last 12 months +. Activities to support economic wellbeing, employability, warm spaces and cultural activity such as Book Discussion Groups and Film Screenings have all taken place in libraries to support communities through this challenging time. Yet at the same time libraries face increased overheads through utility bills and staff pay awards which make it difficult for parent organisations to maintain service standards when local authority budgets cannot keep pace with inflation and other rising costs. Its not a business model which can continue. The Verity House agreement may offer some flexibility however the overall financial landscape is somewhat bleak so its difficult to see this as an answer.

It should added that the library sector has been incredibility resilient despite what has been thrown at it, this is down to the commitment, professionalism and dedication of the workforce. The library workforce is, without a doubt, one of Scotland's greatest assets.

Our report also concluded that this crisis provides an opportunity to accelerate innovative solutions to the budgetary pressures within the sector. What progress has been made on this in the last 12 months? And at a time of limited resources, what other innovative approaches could the Scottish Government take forward to support the culture sector?

SLIC has continued to work in partnership and collaborate on a range of projects to support the library sector deliver. Projects such as NHS Near Me in Libraries, a collaboration between SLIC and NHS Near Me has seen libraries being able to provide added value services within the community.

Collaboration with Publishing Scotland has seen librarians and publishers come together to support each others priorities. SLIC has been successful in applying for grant funding from the private sector to support national reading initiatives and also roll out Lend and Mend Hubs in libraries across Scotland.

Given experience to date, cross portfolio working may offer opportunity and efficiencies. Given Scottish Government priorities perhaps bringing together cross portfolio teams to work on a common goal such as health and wellbeing, attainment, social justice, climate etc will see culture embedded in the nation's priorities as it has a very strong part to play in bringing all these key priority areas to life.

For some time now a % for culture targeted against big capital and business developments has been an ask from the cultural sector but nothing has materialised. Perhaps the time for introducing this is now.

Written submission from Museums Association

The Museums Association (MA) is a membership organisation representing and supporting museums and people who work with them throughout the UK. Our network includes 10,000 individual members working in all types of roles, from directors to trainees, and we represent 1,500 institutional members ranging from small volunteer run local museums to large national institutions. Founded in 1889, the MA was the world's first professional body for museums. We lead thinking in UK museums with initiatives such as Museums Change Lives and the Learning & Engagement Manifesto, and we provide £1.4m per year of funding for museum projects via our Esmée Fairbairn Collections Fund and other grants. The Esmée Fairbairn Collections Fund supports museums to improve their inclusive collections and participatory practice with, and sometimes led by, community partners. For more information about the MA, see our website: <http://www.museumsassociation.org/home>

In our pre-budget report last year, the Committee described the operating environment of the culture sector as facing a “perfect storm” of long-term budget pressures, reduced income generation, and increased operating costs. How has this evolved over the last 12 months? What impact has the Budget for 2023-24 had on the culture sector?

Museums contribute to the visitor economy, attracting international visitors from around the globe. Museums also contribute widely to a range of Scottish Government policy priorities from increasing health and wellbeing, raising awareness of the climate crisis, fostering a sense of place in local communities and addressing legacies of colonialism and empire.

The Scottish Government Culture Strategy for Scotland aims to place culture as a central consideration across all policy areas, including health and wellbeing, economy, education, reducing inequality and realising a greener and more innovative future. However, there is a real disconnect between this ambition and the lack investment in the culture sector, including museums. We are pleased that the Culture Strategy recognises that culture has the potential to enhance work across these policy areas and enrich the lives of the people of Scotland but without adequate funding these ambitions cannot be realised.

Museums continue to face long-term budget pressures.

While measures such as the extension of the Energy Bill Relief Scheme for museums have helped to mitigate some of the impacts of rising energy costs, the museum sector still facing severe financial challenges.

Over the last twelve months many museums have begun to use their reserves due to declining budgets and increased costs. Some museums are unable to use reserves so are having to make cuts to their workforce or take other cost saving measures such as reducing opening hours or cutting back on community engagement and public programming.

While some museums have seen a return to pre-Covid visitor numbers, others are still experiencing significantly lower levels. In some cases, the lack of budget to invest in community engagement activities to engage new audiences is impacting visitor numbers. We have heard from some museums that they are focusing their limited resources on running activities that will encourage high engagement such as LEGO activities and Warhammer painting. Whilst these are valuable ways of building audiences and revenue, it can mean moving away from public programming that engages audiences with the stories of their collections.

Local authority museums are experiencing cuts to their services. Due to rising inflation and reducing local authority budgets, councils are having to make difficult decisions about which services to reduce and stop. As a result, civic museums across the country are under pressure, with the threat of closures and redundancies becoming increasingly common. When specialised staff are made redundant, it reduces the services the museum can deliver and has a direct impact on communities.

Independent museums are also facing acute financial challenges as many are unable to generate enough revenue to fund their operational costs, preserve their collections and run community engagement activities. Cuts to local authority funding will also impact independent museums as it will increase competition for already oversubscribed grant funding.

It is clear that museums need investment to support their operational running costs and to ensure that communities across Scotland have access to a high-quality museum service. Without this, there is a risk of managed decline in museum services across Scotland and an inconsistency in service between local areas resulting in a postcode lottery of access to collections. In many cases, those living in areas of greater social deprivation will be the most likely to be impacted by cuts to services.

Another risk lack of investment poses is that museums may introduce admission charges to keep their doors open and lights on. Admission charges are likely to further inequality by making museum visits a luxury that only some can afford. This is a real concern at a time when there is a cost-of-living crisis and many people are already having to cut back on spending. Last winter, many museums in Scotland transformed into “warm and welcoming spaces” for people who could not afford to heat their homes. Museums were in a unique position to do this as many are free to enter and are a hub in their community. It is likely there will be a similar need this winter but with continued cuts to museum funding, fewer museums will be in a position to offer this service.

Museums need urgent investment in buildings and maintenance to support the ambition to reach net zero by 2045.

The majority of museums in Scotland are in historic and vitally important listed buildings. Many museums now face daily battles against leaks, crumbling buildings and creaking infrastructure. There is a huge backlog in repairs and maintenance and urgent investment is needed to resolve these issues as museums do not have the budget to fund this essential work. MGS data shows that organisations are experiencing an increase between 1% and 20% of capital costs, with some experiencing costs over 50% for urgent capital works.

The MEND (Museum Estate and Development) Fund delivered by Arts Council England has been a welcomed initiative in England to address some of these issues but there is no equivalent scheme available in Scotland.

Addressing urgent repairs and maintenance is also important to support museums with their transition to net zero. Financial support to adapt old historic building to make them more energy efficient is a necessary step to tackle the climate crisis and would in turn support museums with their running costs. Without urgent investment, there is a risk that museum buildings will be left to fall into disrepair. Earlier this year Falkirk Council announced its Strategic Property Review to close some of its buildings as it is faced with financial deficit, ageing buildings and pressure to achieve climate targets. Two of the buildings at risk of closure are museums stores that hold locally and nationally significant museum collections.

If urgent action is not taken to address the backlog of repairs and maintenance, we will continue to see museum buildings and stores put at risk.

Low pay and low morale are affecting the museum workforce

The MA supports the Scottish Government's real Living Wage conditionality for public sector grants as we actively advocate for fair pay and fair work in the sector. In our Salary Research and Recommendations 2022, we recommended that all museum workers, regardless of contract type or hours of work, should as a minimum be paid the Real Living Wage set by the Living Wage Foundation.

While we believe that real Living Wage conditionality is a positive and necessary step to achieve fair work, we are concerned that some museums in Scotland cannot afford to implement these changes and will instead be left without access public sector funding. We would like to see a managed strategy to support all museums in Scotland to adopt the real Living Wage.

We recognise there is an issue with low pay in the sector and the impact of this is that staff, particularly Front of House staff, are leaving for other sectors.

In addition, we are hearing from our members that volunteer recruitment is also an issue. Many museums experienced a decline in volunteer numbers during the pandemic and many volunteers have not returned post-pandemic. The cost-of-living crisis has contributed to the challenge of volunteer recruitment with many people no longer able to afford to give their time for free.

Our report also concluded that that this crisis provides an opportunity to accelerate innovative solutions to the budgetary pressures within the sector. What progress has been made on this in the last 12 months? And at a time of limited resources, what other innovative approaches could the Scottish Government take forward to support the culture sector?

Mainstreaming culture: A whole system approach

There is an opportunity to realise the potential of culture to bring about transformational change across Scottish Government policy areas including the

economy, health, education and climate change. Museums are already doing innovative work in these areas but more progress needs to be made to formalise cross-departmental working in Scottish Government to truly embed culture across policy areas.

Where culture can bring about transformational change across other policy areas, funding needs to be made available to support this. An example of this is the Climate Engagement Fund which is open to cultural organisation, including museums. However, there are limitations in this fund as the funding cannot go towards the core costs of an organisation. Additionally, museum buildings and collections provide a unique infrastructure to work collaboratively with partners and communities to drive transformational change in society. Investment in the core infrastructure of museums is an important first step to unlocking the potential of what museums can achieve across policy areas.

In order for cultural organisations to be able to deliver against cross-departmental policy priorities in a strategic and impactful way, they need to be given adequate core funding to be able to dedicate the time of permanent staff to this work. Grant funded fixed-term posts are likely to result in a loss of knowledge, contacts and momentum when the post finishes.

The Committee called for the forthcoming refreshed Culture Strategy Action Plan to provide a clear and strategic sense of how the Scottish Government is working to ensure a more sustainable future for the sector. How should the refreshed Culture Strategy Action Plan help to inform future budgetary decisions within the culture sector?

As the refreshed Culture Strategy Action Plan has not been published, we cannot comment on this fully.

However, any actions for the sector must be supported with funding for them to be achieved. While the museum sector is ambitious and keen to deliver against the strategy, the lack of resources and capacity in the sector means this cannot be done realistically without investment.

Written submission from Prospect

Prospect is a union of 150,000 members. Our membership ranges across all sectors of the economy including heritage and the culture sector. We represent staff at all levels in heritage across a wide range of employers including the National Museum of Scotland, National Library of Scotland, National Gallery of Scotland, Historic Environment Scotland and the National Trust for Scotland as well as the wider independent and charitable heritage sector. Prospect is also the main union for archaeologists in the UK. We are the main union in the Theatre, Film/TV and Live Events sector and recognised by the BBC, ITV Companies and the Edinburgh International Festival for collective negotiations. In total we represent around 3,500 Heritage and Culture staff working across Scotland.

In our pre-budget report last year, the Committee described the operating environment of the culture sector as facing a “perfect storm” of long-term budget pressures, reduced income generation, and increased operating costs. How has this evolved over the last 12 months? What impact has the Budget for 2023-24 had on the culture sector?

We are still in a very difficult situation across the Cultural and Heritage Sector with individual bodies and indeed individual properties recovering at very different rates. This summer will be the litmus test for many properties and collections to get a sense of what international cultural tourism looks like in a post covid world.

The cost pressures on all bodies remain severe and while inflation is starting to come down, this is only a slowing in the rate of increase rather than a real decrease and costs across the board are still increasing markedly faster than income particularly for those bodies relying on a grant in aid for funding.

The constraints placed upon our centrally funded national collections remain severe. As both public bodies and charities they must adhere to strict financial standards but must also return any underspend at the end of the year, meaning they do not build up reserves in the normal way of charities. This discourages these bodies from taking innovative approaches to fundraising as potentially anything above expected returns is likely not to be retained for their own use.

While the Museum Freedoms extended to the national collections in England have been somewhat of a mixed blessing for staff, it has given bodies within the freedoms the ability to act more flexibly; we would like Scottish Ministers to consider Scottish museum freedoms, giving directly controlled cultural bodies more flexibility to raise funds while protecting the work force.

Last year, the Scottish Government (SG) took the decision to replicate the pay deal agreed by the Scottish Government and the SG unions into the other bodies covered by Ministerial Pay Policy outwith the culture sector other bodies were able to find the funding for this pay deal from within their budgets. Across the culture sector this was not the case with most bodies needing to seek either additional in year funding for the financial year 22-23 and/or assurances that any cost increases would be covered in future years. This significantly delayed implementation of those pay deals with staff

receiving their April pay rise just before Christmas 2022. The pay remit guidance for 23-24 is once again significantly below inflation and fails to tackle low pay across the sector. We remain in discussion with the Scottish Government Minister and officials to seek to address this.

Members continue to be concerned about the widespread use of fixed term contracts. These are being used at all levels due to concerns about insecure funding. Organisations continue to employ staff on temporary projects to carry out what is clearly core work, for example cataloguing and digitising of collections. This cuts across the Scottish Government fair work principles relating to secure employment.

Our report also concluded that that this crisis provides an opportunity to accelerate innovative solutions to the budgetary pressures within the sector. What progress has been made on this in the last 12 months? And at a time of limited resources, what other innovative approaches could the Scottish Government take forward to support the culture sector?

All areas continue to look for savings and other sources of income. For cultural bodies covered by central government it remains challenging. With grant in aid static and increasing costs across the board organisations are having to consider changes which would previously been politically unappealing. We are aware that bodies are once again looking at charging and corporate sponsorship. While these may raise more revenue, they risk cutting off our heritage to only those who can afford it. Sponsorship raises different questions; the problems with BP and Tate and the British Museum are well documented but with bodies struggling to maintain services, the sponsorship debate will likely raise its head again. The National Galleries of Scotland closing Modern 2 early last year due to budget pressures shows that this is not a hypothetical debate. We are at the breaking point; we cannot keep expecting our national collections to continue to offer the same opening hours without either increased central funding or allowing other forms of revenue raising.

The Committee called for the forthcoming refreshed Culture Strategy Action Plan to provide a clear and strategic sense of how the Scottish Government is working to ensure a more sustainable future for the sector. How should the refreshed Culture Strategy Action Plan help to inform future budgetary decisions within the culture sector?

There is a need for a strategic vision for culture and heritage in Scotland. Scotland's cultural treasures, be those physical collections, historic buildings and sites, theatres and production companies or wild landscapes, are spread across a range of government both central and local, charitable and private actors. Often where they sit is not part of any considered plan but rather quirks of history.

Funding needs to be secured to protect the long-term future of the sector. The committee heard that across the board bodies remain concerned about their future funding status regardless of whether that funding comes from Central Government, Local Government, Creative Scotland, charitable donations or commercial operation. Any support which can be given to help bodies control costs through support with bills and other cost is of course to be welcomed.

As highlighted in Prospect's World class heritage second class pay campaign while Scotland has higher salaries for Heritage workers than the rest of the UK due to initiatives like the Scottish Living wage, pay for the sector remains very low for the level of qualifications required. Highly committed specialists in curation and conservation are struggling to be able to afford to stay in the sector where they see graduate entry posts in other sectors offer in salaries competitive with senior or lead specialist positions, which may be some years away from being open to them. Recruitment and retention of security, visitor services assistants (VSA), retail and corporate service roles remains a huge challenge particularly where the market is cross sectoral, and adversely impacts the diversity demographics of those able to overcome financial barriers to be able to enter and remain working in the sector.

Heritage and cultural workers are dispersed across the country adding value to their communities while the national collection maybe centralised in Edinburgh, Historic Environment Scotland and Natural Trust for Scotland properties are widely dispersed. These properties bring visitors into their regions supporting retail and hospitality within the area.

Finally in the context of climate change consideration should be given about the potential role that Scotland's Natural heritage sector could have on carbon sequestration and increasing biodiversity. This work is of course ongoing and fundamental to the purpose of organisation such as natureScot but the scale of the climate challenge invites consideration of if government in conjunction with the national parks, historic environment Scotland and Natural Trust for Scotland could take a wholly new approach to rewilding and reforestation

Written submission from Artlink

Artlink is an arts organisation established in 1984. Artlink believes participation in the arts has an important role to play in realising personal goals and influencing social change. We support people with complex disabilities or long-term support needs work throughout the Lothians to reach their full potential by building creative practice networks of mutual interest that establish deeper connections to the cultural life of communities.

In our pre-budget report last year, the Committee described the operating environment of the culture sector as facing a “perfect storm” of long-term budget pressures, reduced income generation, and increased operating costs. How has this evolved over the last 12 months? What impact has the Budget for 2023-24 had on the culture sector?

Conditions continue to be very tough. Increased costs and chronic standstill funding erodes the capacity of cultural organisations such as Artlink to address the exponentially growing needs of people with complex disabilities and those with long term support needs. They themselves are experiencing extremely tough living conditions because of significantly increased costs of essentials (i.e., heat, light, food) and rapidly reducing care and social support as public services shrink because of Scottish Government budget reductions.

The current financial settlement is having a devastating effect on community, social and healthcare provision, with most systems now at breaking point (e.g., waiting list are unacceptably long, social care provision is being more severely rationed, community facilities are closing or faced with closure). All are now under such great pressure that the variety and quality of opportunities for participation and meaningful involvement in the cultural life of our communities by disabled people is fast disappearing.

In addition, the continued erosion of local government support for the arts culture is marked, and the move to transfer responsibility of cultural assets to alternative community led models (e.g., Falkirk, West Lothian) are often hastily arranged and unrealistic in its intentions and financial modelling. This environment does not only undermine opportunities for disabled people to participate it also significantly lessens the possibility for them to build skills and become economically active within the sector. This is in fact true for all artists working in the culture sector where opportunities for longer term freelance work are significantly reducing as the gap between recommended fees and standstill budgets widens.

Although we anticipate that the financial environment will not significantly change our attitude towards it can. We don't think that the narrative of 'difficult decisions' and 'annual budgets' and consequently a competitive and uncertain environment is conducive to developing quality work or new resources. Artlink is moving towards collaborative ways of working with public partners and third sector organisations. There is a real appetite a more collaborative approach which moves away from transactional and short-term thinking to a way of working where every bit of experience, knowledge and skill is equally valued. Resources do not only come in hard

cash - they also come from the creativity and ingenuity of people's different ways of seeing and experiencing the world.

The most significant change that can be made is to continue to work in a meaningful way towards transferring public investment to activity that supports early intervention and prevention which consequently will reduce demand of higher tariff public community, social care and health services. This is not a new concept and was addressed by the Christie Commission over a decade ago (2011), it is not too late to act upon it now.

Our report also concluded that this crisis provides an opportunity to accelerate innovative solutions to the budgetary pressures within the sector. What progress has been made on this in the last 12 months? And at a time of limited resources, what other innovative approaches could the Scottish Government take forward to support the culture sector?

From the hope of the post pandemic 'building back better' we seem to have quickly reverted to old habits. To date little progress has been made to move to alternative financial models and as previously stated the narrative has reverted to one of 'difficult decisions' and the restrictions that 'annual budgets' bring. In our experience this creates an unproductive environment of uncertainty and competition that does little to bring creative and cultural opportunities to those who are more vulnerable in our society. Practical collaborative working and action appears to be the emerging answer and it certainly is what Artlink is pursuing, led by the knowledge and experience of our participants.

A community-based bottom-up approach, building on the experiences gained from working throughout the pandemic should be utilised within broader cultural development. Early evidence shows this approach works as a solution and with a bit of imagination we can use this experience and existing Scottish Government Level 4 Budget commitments to unlock new possibilities for coherent and relevant cultural investment.

What is required at a strategic support for:

- Imaginative longer term collaborative investment arrangements that meet identified local need. Longer term procurement arrangements that bridge annual budget cycles are possible (e.g., 3 year contracts/4 year framework agreements) so there are no real barriers to develop longer term approaches. Current local examples of this practice are Thrive Edinburgh <https://www.edinburghthrive.com/> or Edinburgh Community Commissioning: <https://www.evoc.org.uk/about-evoc/evoc-news/community-mental-health-wellbeing-fund/the-community-commissioning-process/> we know there are many more similar experiences and examples to draw on.
- A clearer framework for cross departmental cultural investment which can be achieved through existing Scottish Government led funding initiatives. Quick analysis of the Level 2023/24 Scottish Budget identifies a potential £1.855 billion of ring fenced investment (i.e., National Care Service, Mental Health Renewal and Recovery, Active Healthy Lives, Low Carbon, Innovation, Digital,

Raising Attainment, Whole System Approach, Care Experienced Children, The Promise, Pupil Equity, Criminal Justice, etc.) that if the 1% for arts and culture SNP manifesto commitment was applied to would create an investment fund of £18.5 million. Similarly, if the same measure was applied to the Scottish Government Capital Budget it would release an additional £59 million of investment.

- New tax incentives for the private sector (e.g., business rate relief) to invest in community-based creative solutions linking to the above and providing additional expertise in supporting the culture sector to adapt and thrive.

The Committee called for the forthcoming refreshed Culture Strategy Action Plan to provide a clear and strategic sense of how the Scottish Government is working to ensure a more sustainable future for the sector. How should the refreshed Culture Strategy Action Plan help to inform future budgetary decisions within the culture sector?

A refreshed action plan should include firm cross departmental commitments to establish a clear framework for greater and longer-term investment. The principle of making longer term commitments to resourcing is firmly established within procurement and in the context of the action plan this should be considered to bring stability to the sector and planning horizons that can support meaningful positive development (e.g., how are the benefits derived from the National Partnership's for Culture initiative the Culture Collective built upon).

It is true that the Scottish Government does not know what its exact budget is from one year to another. It is also true that the Scottish Government knows that it will have significant resources to draw on every year and therefore investment commitments made could and should have longer planning horizons. Explicit support for longer term investment would not only support greater confidence within the sector it would also establish a better leverage position for contributions from other potential investors.

Further work needs to be done on articulating and illustrating the relational value of cultural investment. In a recent visit from the Chief Medical Officer (Dr. Gregor Smith) to the Royal Edinburgh Hospital he expressed his desire to scale up the obvious and valuable contribution he saw that is made by cultural and third sector activity within the hospital and its grounds. The fact is that the scale of the input is already present in our communities. However, it is often not acknowledged or know about as such. There appears to be a clear role for the Third Sector Interfaces to help articulate/illustrate this across the different regions in collaboration with Health & Social Care Partnerships, Community Link Worker Networks, Social and Regional Enterprise Networks, Local Authority Culture & Wellbeing Departments and local/regional cultural networks. Articulating the opportunity more clearly allows for greater and more meaningful cultural participation and it would also create a more conducive environment for further investment.

In the context of the contribution that this vast scale of community based cultural activity makes to our communities it would be important to establish a coherent framework for understanding its relational value and worth. For example, we can evidence that long term creative input in complex care situations has positive

outcomes for patients/service users, supports families/carers and staff to be motivated & feel valued, and reduces absenteeism.

The relational outcome of cultural activity within this context is that there is less ongoing demand on high costs services, a more motivated and productive workforce and as a consequence less dependency on high-cost agency staffing. Current work undertaken by Edinburgh University as part of a major UKRI Research Programme is building a picture of the contribution cultural community assets make to tackling health inequalities, which could be an important contribution to a clearer evidence base.

<https://www.ukri.org/what-we-do/our-main-funds-and-areas-of-support/browse-our-areas-of-investment-and-support/mobilising-community-assets-to-tackle-health->

Written submission from Federation of Scottish Theatre

FST is the membership and development body for professional dance, theatre and opera in Scotland, bringing the sector together to speak with a collective voice, share resources and expertise and promote collaborative working. FST represents over 200 members. This encompasses professional organisations and individuals - from national performing companies to individual artists creating their own work, and the independent producers who support them. We count all of Scotland's professional producing companies as members as well as members who provide support to parts of the sector or work in different ways to create, develop and produce live performance for audiences across Scotland, in the UK and overseas.

This submission builds on our previous submissions, made in [September 2021](#), and [October 2022](#). We would also draw your attention to [our letter to John Swinney](#), then acting Cabinet Secretary for Finance and the Economy in January 2023.

In preparing for this submission, we convened several focus groups with FST members, resulting in detailed discussions about the current situation and the future for the performing arts in Scotland. FST hosts and works closely with Culture Counts. We suggest reading our submissions as complementary to one another. We are also aware of submissions made by members such as the Ayr Gaiety Partnership and Data Culture Exchange on behalf of six of Scotland's independent producing theatres

In our pre-budget report last year, the Committee described the operating environment of the culture sector as facing a “perfect storm” of long-term budget pressures, reduced income generation, and increased operating costs. How has this evolved over the last 12 months? What impact has the Budget for 2023-24 had on the culture sector?

As consistently reported to Committees over many years, the culture sector's, “perfect storm,” is not a new phenomenon initiated by the COVID pandemic alone. Through its 'success' in reducing reliance on public subsidy, the sector was already extremely vulnerable to external pressures.

With a standstill budget available for most cultural organisations and practitioners in this financial year and, at the beginning of 2022, the sector having to come together and fight vigorously against a £6.6m cut to Creative Scotland's funding, all these pressures have been exacerbated.

They include:

- Systemic under-funding from both national and local government
- Threatened and actual local government reductions culture funding in most areas of Scotland, and provision within local authorities themselves being severely reduced or cut
- The long-term impacts of, and extended recovery from, lockdown
- Inflationary pressures across the board

- Enormous increases in fuel and utility costs, with access to energy frameworks still closed to new entrants
- The general effects of the cost crisis on employees and freelancers who deserve well-earned increases in wages and fees; and, audiences, participants and communities with less disposable income to spend on cultural experiences
- More recently, funding from Trusts and Foundations, relied upon especially for engagement work in communities, has declined substantially, with some established supporters of culture being forced to focus their resources on people at immediate risk of harm
- Any reduction in initiatives such as Theatre Tax Relief would be disastrous for those producers whose work been able to be sustained because of it
- Demand on the Culture & Business Scotland fund was so great that it is unable to sustain as many new partnerships as there is availability for

In consultation with members, we discussed how the last twelve months had impacted them. They described a sector at breaking point, undergoing “industry-wide post-traumatic stress,” and still experiencing a period of extreme adaptation. This is happening at a time of reduced capacity with, in some cases, fewer people with less experience undertaking significant work. We heard persistent reports of personal and organisational burnout, as long-established and previously flourishing organisations scaled back their operations and risked falling into administration. This was resulting in a stark reduction of opportunities for professional freelance artists, craftspeople, technicians, and other specialist practitioners, but also audiences, participants, and communities.

The reality is that no further adaptation is possible. There is no space closer to the edge to move to.

Our report also concluded that that this crisis provides an opportunity to accelerate innovative solutions to the budgetary pressures within the sector. What progress has been made on this in the last 12 months? And at a time of limited resources, what other innovative approaches could the Scottish Government take forward to support the culture sector?

Unfortunately, there appears to have been little or no progress made to accelerate innovative solutions to the budgetary pressures within the sector. In fact, the proposal to cut Creative Scotland’s budget felt like one of the most retrograde actions of recent times and resulted in the sector, whilst experiencing the difficulties outlined in this submission, being forced to mount an exhausting campaign against it.

As we said in our letter to Mr Swinney in January, “the impact of culture appears to be widely understood and acknowledged by your own elected members, Ministers and Cabinet Secretaries. Yet the fact remains that a proposal has been made which will undermine the positive contributions made by the performing arts and the cultural sector overall. It will seriously impede the sector’s ability to rebuild and survive longterm under-investment and the combined effects of the COVID pandemic and the worst cost crisis Scotland has experienced in decades.”

There is a consensus amongst consulted members that sector-led innovation cannot happen without investment, with one individual stating that, “at absolute minimum, we’re trying to catch up from standstill funding.” We refer the Committee to Culture Counts’ robust evidence around international comparators for culture funding and careful calculations for what relatively small increases in funding could achieve for Scotland.

Members discussed research from Creative UK which outlines the contribution culture makes, outstripping that of aeronautics and other industries, indicating clear justification for adequate investment in, as one member described it, “the social bedrock of the country.”

While ‘cross-portfolio work’ has been encouraged and discussed for many years, members note that it has not yet filtered significantly into funding. For this to be effective, a percentage of departments’ budget would need to be ringfenced for cultural applications and engagements. It would also require a clear understanding by budget-holders of the benefits of culture to individuals and society. This would not be displacement of health or education funding, for instance, or special pleading, but a true acknowledgement of impact, which has been proven time and again.

Members recalled the Percentage for Culture Scheme, which was part of the SNP manifesto, along with Visitor Levy schemes, and would welcome these being progressed more quickly, with the latter emphasising non-statutory priorities like culture, which continue to reel from the heaviest cuts since 2010, despite being a leading driver of visitors to tourist destinations.

There is a clear call for funding processes to be more flexible and transparent. Members requested that limited multi-year funding should not be used as the only mechanism to indicate how much increased investment our sector needs. They estimated that what is required may far exceed what’s needed overall and does not consider individuals not employed by organisations. (Creative Scotland has now announced the demand for its new multi-year funding as £113m annually from 500 organisations, compared to the current network of Regularly Funded Organisations which is in receipt of £32.7m in 2023-24.)

The Committee called for the forthcoming refreshed Culture Strategy Action Plan to provide a clear and strategic sense of how the Scottish Government is working to ensure a more sustainable future for the sector. How should the refreshed Culture Strategy Action Plan help to inform future budgetary decisions within the culture sector?

FST and its members welcome a refreshed Culture Strategy and Action Plan. Throughout consultations during the last three years, members have indicated willingness to work in partnership with the Government and other agencies on a strategic approach to cultural development in Scotland. However, the incompatibility between the Scottish Government’s broader ambition to centre and showcase culture

in Scotland, which is absolutely shared by the sector, and a continued lack of public investment is starkly felt. It reinforces the need for increased and more sustainable funding. Alternatively, it may result in what could very easily be seen as a wilful demise of the culture sector as we know it.

FST members request that revisiting the culture strategy includes making the case for proper support for the sector, comparable with other nations, which doesn't merely acknowledge, "the perfect storm," but strongly acts to enable recovery from it. Whilst very welcome, the recent reversal to the funding cut reversal delayed a crisis but has not solved it.

Members recognise the following options that must be acknowledged, either:

- Robustly invest in the sector and allow it to achieve its potential
- With less funds, have a practical strategy which outlines the clear and difficult prioritising of what the culture sector will look like in future, and what realistic outcomes it will be able to deliver

By expecting organisations and people within the sector to continue working as they currently do, the Scottish Government risks allowing the sector to rapidly fall apart with no plan for installing systems to retrain and redeploy industry professionals.

FST members recognise the issues outlined in this submission reach beyond the culture budget and remit of this Committee. They are mindful of other strategies, such as the [DCMS Creative Industries Sector Vision](#) and the International Cultural Strategy. The potential for there to be joined up thinking across the strategies and those developing them would provide much needed clarity and consistency of approach.