

**Constitution, Europe, External Affairs and Culture Committee
9 January 2025**

Submission from National Galleries of Scotland – this complements the submission made in late 2024 ([Response 57296778 to Budget Scrutiny 2025-26: Funding for Culture - Scottish Parliament - Citizen Space](#))

Background

National Galleries Scotland (NGS) looks after one of the finest collections of art anywhere in the world on behalf of the people of Scotland. The collection consists of around 130,000 works of fine art and is enjoyed by millions of local, national and international visitors each year at the following gallery locations:

- The National at the Mound
- The Portrait in Queen Street
- Modern One and Modern Two in Belford Road

NGS is a national institution and a Charitable Non-departmental Public Body sponsored and supported through grant-in-aid by the Scottish Government and governed by a Board of Trustees. The principal functions of the Board of Trustees of NGS are set out in The National Heritage (Scotland) Act 1985. Our primary role is to care for, research and develop the national collection of art, ensuring that the public has the greatest possible access and that we promote Scotland's international reputation for art and culture.

2025/26 Budget impact

- Currently forecast deficit position for 2025/26
- 9% Revenue grant-in-aid uplift almost entirely on increased staff costs
- Facing crisis in the investment needed for estates—need at least £17.4m over the next five years to mitigate serious risk of failure and/or injury
- Need confirmation of the timeline for funding to be released for construction of The Art Works as delay will result in increased costs and failure of delivery for Scottish Government Public Sector Reform
- Require clarity and detail of plans for increased allocation of £100 million for Culture by 2028/29, to align with development of NGS 5-year strategy plans

NGS recognise and welcome the efforts of the Cabinet Secretary in securing funding for the wider cultural sector during challenging financial times, however we continue to urge the Government to be aware of the precarity of the sector, which has been underfunded for years.

NGS is committed to providing the widest possible access to the national art collection, but this requires adequate funding. While a 9% Revenue grant-in-aid increase may seem positive, the reality is that it is not enough. The increase will be almost entirely absorbed by our staffing costs, after the impact of the shorter working week, 2025-26 public sector pay policy and employer national insurance contribution increases have been taken into consideration.

It's our mission to make art accessible for everyone, and we will continue to do everything we can to promote wellbeing through culture. The budget settlement leaves NGS in a forecast deficit position and it will be increasingly challenging to reach a balanced budget.

For 2025/26 93% of our grant in aid and 72% of our total income is forecast to go on salary costs. To address rising staff costs because of Scottish Government pay policy, we continue to review our Target Operating Model to ensure we have the right skills and capacity to meet our statutory obligations. The government's commitment to no compulsory redundancies means we are caught in what can only be described as a 'staffing cost trap', where escalating expenses threaten the sustainability of our operations.

The remaining 7% of grant-in-aid does not cover the cost of managing and running our estate and is particularly challenging with increasing costs required for the maintenance of our historic Galleries, creating a risk to our building fabric and infrastructure. Our utility costs for environmentally controlled buildings needed to care for the national collection have more than doubled over the past three years. We are now having to increasingly rely on self-generated income to cover these largely fixed costs.

The grant-in-aid received by NGS is supplemented by self-generated income. Government funding is now covering less and less of the activity we undertake and what the public sees. All the other things that make a difference, whether it is displays, exhibitions, learning, education programmes are now covered by earned income.

Private investment

We work hard to secure private investment (including from philanthropic sources) and have been successful in the delivery of large capital projects, through which we have been able to significantly improve our offer to visitors and provide long term resilience for the iconic buildings that the national collection is housed in.

One recent example was the opening of the new Scottish galleries at the National in 2023 which has a secondary benefit of increasing our self-generated income. Since opening on the 30 September 2023, we have welcomed over 1 million visitors. The retail sales are up 112%, restaurant income up 48%, donations are up 48% and Friends memberships are back to pre-Covid numbers.

We have doubled the physical display space. Prior to opening the Scottish galleries only 19% of visitors found the former Scottish wing. Since opening this has increased to 62%. A selection of our interpretation was written by Scottish young people.

A longer-term view of how the culture sector will be supported, coupled with adequate Scottish Government funding is a pre-requisite of creating confidence in the sector and leveraging both public (from non-government sources) and private support into culture and heritage. Generating the required level of incoming investment and support is only achievable when built on the firm foundation of our core services, and the challenge is in our core funding, which private investors are

not motivated to support. There is also intense competition for private investment as all heritage and culture organisations find themselves in a similar situation.

NGS has long argued that philanthropic support needs to complement core funding and public investment, not replace it. Innovative funding solutions are in themselves risky and not necessarily sustainable and therefore cannot be relied upon to support ongoing core activity. Current figures indicate that across the museum sector, only 1.3% of funding is from corporate sources, while 8.8% derives from private philanthropy.

Culture Counts reported in their [submission to the Committee](#) that “Fundraising is increasingly challenging with funders experiencing increased demand, many are moving to support different priorities and success rates are plummeting. The challenges around ethical philanthropy and corporate sponsorship mean it is not currently a viable option for developmental growth.”

The right level of investment into core services (anchor funding) and incentivising income generation will support NGS in becoming more financially sustainable and resilient.

Investment in Estate

The biggest challenge to continuing our service to our audience is funding, particularly for our estates.

Whilst we greatly appreciate the ongoing support from Scottish Government for our annual capital spend and for project specific improvements, such as the Portrait in 2011 and the new Scottish Galleries at the National in 2023, we must continue to invest in our estate as we strive to reduce our impact on the environment and to provide the best conditions for safeguarding and sharing our collections.

We are responsible for five historic listed buildings (National, Royal Scottish Academy-RSA, Portrait, Modern 1 and Modern 2) and three temporary-leased storage facilities. The level of risk and potential for a catastrophic incident at one of our buildings is at a critical level never before seen with the likelihood of such an event increasing with each budget cycle.

We have been carrying out a full analysis of our estate with a range of detailed condition surveys and produced a detailed risk report for the Scottish Government.

The risk falls into three timeline categories—Now: imminent risk needing addressed within next five years; Medium term: to address historic backlog over next ten years; Long term: what is required to maintain our estate annually.

Timeline	Funding Required
Now (0-5 years)	£17.4 million for high-risk items
Medium (0-10 years)	£40 million includes high risk above and to address lifecycle and condition issues, incorporating historic backlog of maintenance
Longterm (annually to maintain)	£5 million p.a. for regular maintenance

We realise that there will always be some level of backlog maintenance that can be tolerable, but we are currently operating within an extreme high-risk environment that requires ca £5m per year to look after our estates. We cannot sustain our current level of activity within the financial and estates/capital context in which we are working. If there is no significant change in the near future we will be forced to make seismic changes, such as closing one of our buildings.

The Art Works

One of our biggest transformative projects in terms of what we can do to share our collection and have an impact socially and on the economy is The Art Works. The Art Works is a strategic imperative behind NGS's plans to ensure there is the widest possible access to art to inspire and to improve wellbeing. It is also a key part of NGS plans in delivering Scottish Government Public Sector Reform.

Our plan is to build a new world-class, innovative storage and research facility. The Art Works is a sector-leading project, one that challenges the notion of conventional storage and activates the 97% of NGS collection which is currently in store. The Art Works will enable us to not only care for, understand, conserve and protect Scotland's art collection but to share it with the world, now and in the future.

The Art Works will be the largest cultural building in Scotland built to the Passivhaus standard. It is key to delivering our environmental commitments and supporting Scotland's aim to achieve net zero. It enables greater organisational efficiency through changes to working practices and streamlined logistics, with the additional benefit for sector sharing around storage space (cost and environmental benefits) and heritage science capabilities and skills.

As well as being a model for world-standard collection care, accessibility and use, it will be an important new cultural focal point and resource for the local community in North Edinburgh, supporting wellbeing and offering spaces for everyone to enjoy. As a vital part of the regeneration of Granton Waterfront it will help us to offer wide access to art, with a commitment to equality, diversity and inclusion.

Currently our ability to share the collection nationally and internationally is restricted through capacity, facilities and resource. The Art Works offers income generation opportunities by significantly increasing capability to logistically deliver more income generating tours and lending internationally.

The completion of The Art Works is a key mitigating action to most of the key risks that NGS faces. We welcome continued funding from the Scottish Government and will work with them to confirm the timeline for funding to be released for construction as we face risk of increased costs as a result of any delay. This risks failure to deliver on Scottish Government Public Sector Reform plans.

Opportunities

As we have continuously stated, culture is not a problem to be solved: culture is the solution and an asset to be exploited. NGS can play an important part in recovery and regeneration in Scotland over the coming years and it is our ambition to ensure we work across key issues in society, including health and wellbeing; the climate emergency and in playing our part in addressing inclusion and inequality.

With multi-year funding for national collecting bodies the opportunity to plan for a dynamic and confident public offer is possible and ultimately makes more impactful programmes—both national and international. It also improves efficiencies across the board with better planning and performance. Our ambition is to more widely share the national collection with the people of Scotland and beyond; building on existing partnerships and creating new collaborations with museums, galleries, and communities around the country so that everyone can explore and discover art. We do not see the collection as something static available only at our physical sites in Edinburgh, we have the potential to share more widely with audiences all over the country and internationally, whether that is facilitating an in-person experience or an online engagement.

The Art Works in Granton is a key element in delivering this aim. From its research resources to its storage capacity and art distribution, it will be central to the sharing of the national collection. Our digital audience continues to grow—equalling but likely to surpass our physical visitor numbers in the next year. As technological advances evolve rapidly, we seek to keep pace with developments particularly with the role of Artificial Intelligence in everyday life. The collection reflects the changes in society—from digital-born works to depictions of recent historical events—and maintains the integrity of the wider collection that belongs to the people of Scotland.

Our international programme of loans and exhibition tours helps to put Scotland on the global map and facilitate international relations. Through sharing the collection we can represent the people, places and culture of Scotland to audiences all over the world and actively promote Brand Scotland.

NGS is actively engaging in activities which support the Programme for Government 2024-25:

Eradicating child poverty

We need to uphold the free offer – in relation to the cost-of-living crisis and health & wellbeing. Continued and sustainable investment in culture will contribute to the health and wellbeing of the people of Scotland.

Investment in The Art Works, which is located in an area of Edinburgh with the 2nd highest levels of child poverty (34%).

Our learning & engagement programme provides many opportunities within communities including the provision of free lunches during school holidays and our successful Family Fridays programme at the National gallery offering free creative play sessions exploring art, ideas and materials with children and young people

As one of the leading museums in the Art Fund and Nesta pilot 'Mini Wonders' programme, we are currently working with the charity Homestart. This innovative programme targeted at low-income families is designed as an early intervention model and the pilot is exploring the additionality that using museums and galleries to deliver this programme brings. Over the next year, we will be developing this work with Perth Museum.

Since 2018 NGS has been delivering art sessions and art packs to the Royal Hospital for Sick Children and Young People in Edinburgh. Feedback from our work in the hospital has included the reduction in stress felt by patients and families whilst waiting for appointments or during treatment, freeing up nursing staff to enable them to focus on their clinical role, bringing enjoyment and fun to children at what can be a difficult and sometimes frightening time

We provide a safe, free, warm space which anyone can access.

Growing the economy

There were 2.4million visitors across all of NGS sites in 2023. We are ranked within the top three visitor attractions in Scotland. For every £1 spent by Scottish Government on museums and galleries, the Scottish economy benefits by at least £3.

Furthermore, we know that engaging with art is a health behaviour, and it contributes to overall health and wellbeing, which ultimately is preventative in future health issues and their attendant costs. Art can be used to actively tackle inequalities, build resilience and improve self-confidence.

We work with educational institutions to provide opportunities for young people to develop skills in collection management and care.

We work with charities to provide programmes for people with additional support needs – working across the health, education and culture sector has many benefits and this is an area which needs further development and investment.

We provide opportunities through our commercial arm for local businesses to sell their wares.

We work in partnership with local business and charities to deliver access to art for the widest possible public.

Tackling the Climate Emergency

The culture sector has a role to play in the path to net zero.

Reduction in carbon footprint and overall environmental impact; move towards virtual couriering; greater use of digital assets in sharing works; adopting low carbon alternatives across the estate where we can; investing in the estate to improve environmental controls.

Investment in The Art Works, which is a Passivhaus build.

All our Galleries have achieved Gold Status from Visit Scotland's Green Tourism accreditation scheme. This shows that we provide sustainable tourism destinations which have managed to significantly reduce their carbon footprints, as well as utility, water and waste bills.

In 2024, the National Galleries of Scotland ranking second globally in a sustainability study of arts organisations conducted by University of Lausanne.

The main challenge and biggest opportunity for achieving a pathway to net zero, is to adapt our buildings and replace our mechanical and electrical systems. However, this will require additional funding.

Ensuring high quality and sustainable public services

NGS is part of a cluster of culture public bodies looking at public sector reform and is currently developing public sector reform (PSR) plans. Our focus is on how we can become more financially sustainable and resilient. NGS as a public body is not permitted to keep unrestricted reserves which increases risks of revenue raising. If self-generated income falls as it did during the pandemic, there are no reserves to support the running costs of the organisation. One of the PSR workstreams that could generate a lot of benefit is on financial incentives and flexibilities and revenue raising and we are working with the Scottish Government and other national collection bodies (also with charitable status) to explore this.

National Galleries of Scotland
6 January 2025