

V&A Dundee

V&A Dundee is Scotland's design museum.

Planned budget increases

V&A Dundee is Scotland's design museum. Created through an innovative partnership of the V&A, Dundee City Council, the University of Dundee, Abertay University and Scottish Enterprise. V&A Dundee is run by a charitable company that is independent of the wider V&A family. The museum receives core funding directly from Scottish Government and its Founding Partners.

V&A Dundee is an anchor institution that is important in place-making and the regeneration of a city. The cultural investment in Dundee's waterfront and V&A Dundee has transformed perceptions of the city through a collaboration between public and private funding and has created a new platform and resource for design. This has boosted the economy through tourism, is changing the profile of Dundee, supporting the hospitality and cultural ecosystems, as well as making the city a better place to live, work, study and visit.

V&A Dundee delivered an economic impact of £304 million for Scotland up to September 2023, contributed to attracting 500,000 people to Dundee for the first time in those five years, and has now welcomed over 2 million visitors since opening. These are transformative impacts which spill across into other areas of the economy, particularly in regions outside the Central Belt that are working to develop their culture sectors, tourism offer, local industry and reputation. The success of culture projects like V&A Dundee also pave the way for new initiatives such as Eden Project Dundee.

The Scottish Government's commitment to increase investment in arts and culture by £100 million per year by 2028-29 is warmly welcomed.

The financial pressures facing the Scottish Government are extremely challenging and we note that budgets have, wherever possible, been protected at standstill levels.

One of Scotland's defining strengths and greatest resources is its creativity, culture and heritage – known around the world and distinct across Scotland's diverse places and geography. As the Culture Strategy published in February 2020 states:

'Scotland is a place where culture is valued, protected and nurtured. Culture is woven through everyday life, shapes and is shaped by society, and its transformative potential is experienced by everyone. Scotland's rich cultural heritage and creativity of today is inspired by people and place, enlivens every community and is celebrated around the world'

The culture sector is part of, interacts with and contributes positively across society, from the economy and job creation, to education, tourism and regeneration to health, wider creative industries, supporting and creating communities and developing international opportunities.

Over and above this, and as stated in the Culture Strategy:

‘Our culture defines who and what we are: it is the way we talk, the way we think and the way we treat one another. It is everywhere in and around us individual and unique’

This additional support is a first major step towards matching the belief and rhetoric in culture’s value and impact with critical support to individuals and organisations. It is also a move towards increasing the overall percentage of funding the sector receives to begin to align to country peers around Europe and the world.

Funding from the culture budget delivers impact across society, as well as across policies, portfolios and sectors, for people around Scotland and visitors. The budget increases will help the sector to keep delivering on many tangible outcomes ranging from raising aspiration and educational attainment to contributing to sustainable economic growth and improving health and wellbeing. In addition, moving towards a culture budget that correlates to the intrinsic value of supporting creativity, will maintain and develop contemporary cultural activity, spaces and ideas, support the cultural and creative workforce and care for, update and expand access to collections and heritage, as well as bring the world to Scotland and Scotland to the world.

However, the arts and culture sectors are currently vulnerable. Serious pressures are accumulating from years of standstill public funding, short-term funding agreements, pressures on household spending and increasing costs, restricted or no capital funding to maintain, improve or repair buildings, competition for the same limited sources of private and philanthropic income, and apprehension amongst some donors to support culture following recent campaigns.

The increase of £100 million per year in arts and culture spending and the commitment to multi-year funding agreements are both priorities. They need to align to key budget and funding milestones in Scottish Government and Creative Scotland to ensure that skilled artists, designers and culture sector professionals can remain living and working in Scotland, and that organisations do not face permanent closure or irreversible reductions of scale and depth. This is essential to ensure that all of Scotland can access and develop culture. The time from the initial announcement in October 2023 to a plan of where this additional support will go is creating additional risk while the intention is to do the opposite.

The sector, if supported to sustain and even thrive, will move from being a series of risks to continuing to be a dynamic network of catalysing resources that generate sustainable livelihoods, and the range and depth of outcomes created by culture across Scotland. Success breeds success – private sector support, and new models are much more difficult to secure if the perception exists of a sector being in a permanent state of crisis.

The indicative £25 million increase in the culture portfolio for 2025-26 should be prioritised according to a plan that considers the relationship between funding, strategy and outcomes. It should consider the roles of the various major funders of culture including Scottish Government, local authorities and Creative Scotland who together have the fullest view of the sector, its diversity and its aggregated value and impact. Taking care to consider ways to build from and protect decades of investment, enabling the new to also grow, and considering the geographical spread across Scotland and regions.

V&A Dundee benefits from Scottish Government support. It is essential core funding that enables us to raise a further equivalent amount through commercial income, fundraising and commercial partnerships. Core subsidy at the current level (2023/24) creates the opportunity for V&A Dundee to pursue sustainability and enables V&A Dundee to deliver significant impact across multiple local and national outcomes. Even perceived small changes to this support are likely to enact a reductive spiral towards unsustainability.

Public subsidy works in partnership and creates a multiplier effect. From public subsidy organisations can deliver and can often grow more income and support, can innovate their audience offer and business model, create jobs and freelance opportunities and generate wider spend.

Divestment from the sector will lead to impacts and all income reducing. Public subsidy is of irreplaceable financial worth and acts as a statement of value that attracts other support from audience attendance to sponsorship.

Culture Strategy Action Plan

Answer to question 1 ('To what extent...'):

The initial Culture Strategy of February 2020 is a marker for a bold vision of culture and its value. The subsequent Action Plan sets out a series of connecting, advocating and developmental actions to support the impacts of culture.

The arts and culture sector faced a crisis during the COVID pandemic and multiple lockdowns, ranging from the loss of visitors and associated revenue at visitor-facing organisations to the collapse of income opportunities for self-employed artists and

designers at the other end of the scale. More than four years on from the beginning of the pandemic, those pressures have eased but never entirely disappeared.

For museums and galleries, there has been a gradual recovery in visitor numbers but operating costs – from paying staff fairly to increasing production costs – remain growing pressures.

Tourism numbers are increasing again, although individuals' willingness and ability to spend is often greatly reduced due to the ongoing cost-of-living crisis. Inflationary pressures on organisations and households have taken a very considerable toll, even if the headline rate of inflation has now settled. Costs have increased substantially over recent years and are not decreasing. The legacy of those financial impacts remain.

A sustainable future requires investment, that in turn generates impacts. Along-term vision for the sector, connected to funding, which includes progress towards multi-year funding settlements for everyone in receipt of public funds is needed.

We welcome the Culture Strategy Action Plan from December 2023 and the Scottish Government's focus on developing sustainability for culture. However, it is from a baseline of regular funding that we can create, connect and plan confidently to enable the sector as a whole to contribute to so many local and national outcomes.

Answer to question 2 ('How should the...'):

The addition of the theme of Resilience is particularly important, on top of the three pre-existing ambitions from the 2020 Culture Strategy.

Resilience should also be understood in the wider sense of delivering the greatest value for public investment. Without financial certainty for cultural organisations, there is no prospect of sustainably delivering the important outcomes we all support around Strengthening Culture, Transforming through Culture, and Empowering through Culture.

The budgetary decisions of the Scottish Government should consider Resilience as a core, fundamental driver that needs to be met to allow the other three ambitions to continue to be meaningfully delivered and further developed.

Resilience will vary across the sector with greater certainty on funding streams, bridging financial gaps between standstill funding and increased costs, inflationary pressures and the impact of the cost-of-living crisis on visitors' spending, as well as funding sustainable careers for the sector all being part of the mix.

Delivering the commitment to multi-year funding for publicly supported cultural

organisations is the leading priority for delivering Resilience, efficiencies, and greater resilience comes from the ability to plan with more confidence in the longer term.

As noted above, it is also critical to bear in mind that renewing existing and raising additional private support is predicated for all major cultural organisations on stable public investment. The confidence that Scottish Government investment provides allows us as a sector to fundraise essential income from corporate, trust and private sources, but that would not be possible without the organisational stability and the vote of confidence that public money provides.

Progress on innovative funding solutions

As the Committee recognises, moving to multi-year funding settlements and developing cross-portfolio funding for culture across government are essential to creating a sustaining operating context for arts and culture in Scotland.

We look forward to multi-year funding settlements being made available at the earliest opportunity, and concur with this being a priority.

We acknowledge that the financial pressures facing the Scottish Government are extremely challenging, but we remain hopeful that the commitment to an additional £25 million for culture in 2025-26 – as a step towards the additional £100 million a year by 2028-29 – will be focused on giving multi-year stability to organisations receiving public funding, so that in turn the overall creative and often freelance workforce is also better supported.

We note the development of Public Service Reform and welcome any opportunities that may bring as government takes an expanded view of the cross-portfolio outcomes and benefits of cultural investment.

We note the Cabinet Secretary's letter of November 2023 to the Committee, in which he addressed the potential for further innovation within cultural funding.

Arts and cultural organisations have been diversifying their funding streams for many years before the pandemic, maximising their potential to earn income through tickets, online retail, catering, events and memberships, and through fundraising from corporate, charitable and philanthropic sources.

In addition to existing ideas being explored – such as the Percentage for Arts, visitor levies, other routes that can generate needed support range from Tax Relief initiatives to support from various lotteries – the following could be approaches that are worth further exploration:

- The Dundee Cultural Recovery Fund raised £1 million in 2020/2021 to the benefit of five of Dundee's cultural organisations. The campaign was led by V&A Dundee,

with £500,000 secured from a charitable trust as a challenge fund to match other contributions pound-for-pound. This campaign recognised the importance of culture to the city's post-pandemic reopening and recovery and managed to secure considerable matched philanthropic support from the private sector.

- The Dundee Cultural Recovery Fund amongst others could provide an outline model to explore on a larger scale, with the support of Scottish Government to convene the private sector, funders and private philanthropists with the culture sector to explore the current environment and risks for everyone involved in supporting culture in Scotland for the long term.

- Public Service Reform involves NDPBs and agencies of Government. Other organisations are likely to be able to contribute and offer an expanded view of the cross-portfolio potential outcomes and benefits of cultural investment and collaboration.

- Commercial partnerships are an area of potential growth for cultural organisations. At V&A Dundee we have developed a multi-year partnership with The Dalmore Single Malt Whisky, including exclusive launch events and collaborations with designers on limited edition whiskies. It is, however, much harder than in the past to obtain traditional sponsorship where a commercial organisation will choose to simply brand an existing programme.

- Additional funding raised is often tied to a particular project, requiring most or all of the funds raised to be spent in a ring-fenced area. This can have the unintended consequence of delivering extra programme from a fixed staff resource and without any additional funding contributing towards an organisation's core operating costs. As a result, the ability to raise extra funding in this way is limited.

- Funders such as People's Postcode Lottery are recognised for funding charities such as museums, festivals and galleries in flexible and non-ring-fenced ways, allowing the organisation to develop to its priorities and contexts and allocate funding wherever it is most needed and to then demonstrate the value of that investment against broader criteria such as the overall social, economic and cultural impacts of that organisation.

- Innovation in cultural funding is likely to stem from an expanded view across the sector, other sectors and from Government levers. It will need to be de-risked to encourage organisations of all sizes to experiment. A 'challenge fund' model to explore innovative funding and income-generation models, with an open-source approach to sharing learnings, could lead to new ideas and a wider culture of innovation in those that fund and those that are funded.

- There is a limited pool of corporate and philanthropic funding in Scotland. The

Scottish Government and other funders could connect the sector to diaspora funding opportunities, using its networks and relationships to convene and leverage international support for culture in Scotland.

We also support the introduction of a 'Percentage for the Arts' scheme where spending on new public buildings and spaces will see a percentage spent on cultural and community art projects. We look forward to further detail on this renewed commitment in the Action Plan.

Creative Scotland's Multi-Year Funding Programme

Any transition towards multi-year funding settlements is to be welcomed. A key challenge here is how that approach can be applied more widely across the arts and culture sector.

We acknowledge both the difficult economic climate and the considerable financial challenges that the Scottish Government faces, but for any arts organisation of any scale it is very hard to plan ahead for a sustainable future if funding settlements are only provided on a year-by-year basis. Equally, the wider economic challenges facing government are also being faced by everyone else, from the individual visitor to museums, galleries and other arts organisations to organisations, businesses and the creative workforce.

In addition to delivering Creative Scotland's Multi-Year Funding Programme, the sector needs to transition at the earliest opportunity to multi-year funding settlements for all organisations receiving public investment.

The impacts of not having this certainty are multiple, including affecting the ability to plan major exhibitions or touring shows in advance. These are critical income-generating opportunities for museums and galleries, which in turn drive wider economic benefits through the development of UK-wide and international tourism.

For instance, we work closely with VisitScotland and other partners to encourage travel trade bookings to visit Scotland, with these companies and tour operators typically planning and selling packages 18 months in advance.

To be able to promote a major exhibition 18 months in advance of opening requires it to have been in planning for several years prior to that. Multi-year funding would provide the stability to make those upfront investments in the years before a major exhibition opens, and in turn to attract additional private and philanthropic support.

Fair Work

V&A Dundee is committed to the principles of Fair Work First and has been an accredited Real Living Wage employer since shortly after the museum opened. This commitment extends to the security, cleaning and hospitality staff working in the

museum, a position developed with our contractors.

The Real Living Wage is the right approach for staff and the contractors that work in the museum. However, if we believe in that principle then it follows that we also need to consider what a Real Living Pension should be for the same staff. If that represents Fair Work then we have to look to ways to fund and manage the additional cost pressures.

Similarly, if the Real Living Wage increases at 10% each year, which it has done in the last two years, then we have to recognise the effect that this has on the pay awards for staff just above the Real Living Wage.

The culture sector has many skilled creative roles but also requires core essential roles and skills in areas such as finance, HR, health and safety, digital, IT and marketing. The demand for these skills is spread across the economy and the culture sector needs to pay competitively to secure, retain and develop them.

Any funding settlement also needs to consider the ongoing impact of inflationary pressures, including supporting Fair Work and the Real Living Wage.