



OFFICIAL REPORT
AITHISG OIFIGEIL

Constitution, Europe, External Affairs and Culture Committee

Thursday 19 September 2024

Session 6



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**CONSTITUTION, EUROPE, EXTERNAL AFFAIRS AND CULTURE COMMITTEE
20th Meeting 2024, Session 6**

CONVENER

*Clare Adamson (Motherwell and Wishaw) (SNP)

DEPUTY CONVENER

*Alexander Stewart (Mid Scotland and Fife) (Con)

COMMITTEE MEMBERS

- *George Adam (Paisley) (SNP)
- *Neil Bibby (West Scotland) (Lab)
- *Keith Brown (Clackmannanshire and Dunblane) (SNP)
- *Meghan Gallacher (Central Scotland) (Con)
- *Patrick Harvie (Glasgow) (Green)

*attended

THE FOLLOWING ALSO PARTICIPATED:

- Lori Anderson (Culture Counts)
- Alastair Evans (Creative Scotland)
- Lyndsey Jackson (Edinburgh Festival Fringe Society)
- Iain Munro (Creative Scotland)
- Caroline Sewell (Musicians Union)
- Liam Sinclair (Dundee Rep and Scottish Dance Theatre)

CLERK TO THE COMMITTEE

James Johnston

LOCATION

Committee Room 1

Scottish Parliament

Constitution, Europe, External Affairs and Culture Committee

Thursday 19 September 2024

[The Convener opened the meeting at 08:47]

Pre-budget Scrutiny 2025-26

The Convener (Clare Adamson): Good morning, and a warm welcome to the 20th meeting in 2024 of the Constitution, Europe, External Affairs and Culture Committee. Our first agenda item is to continue to take evidence as part of our pre-budget scrutiny on funding for culture.

We have two evidence sessions this morning. For our first session, we are joined by Lori Anderson, who is the director of Culture Counts; Lyndsey Jackson, who is the deputy chief executive of the Edinburgh Festival Fringe Society; Liam Sinclair, who is the executive director of Dundee Rep and Scottish Dance Theatre; and Caroline Sewell, who is a regional organiser with the Musicians Union. I will begin with a couple of questions and then move to questions from the committee.

In our pre-budget report last year, the committee said that

“there was an urgent need for the Scottish Government to restore the confidence of the culture sector.”

In your view, to what extent has confidence been restored? I will start with Lori.

Lori Anderson (Culture Counts): First, thank you for inviting Culture Counts to give evidence this morning and thanks for the committee’s continued engagement in issues around culture investment.

On confidence of the sector, the sector received positively the commitment of the £100 million by 2029. The sector felt that there was an understanding of the challenges that were being presented to Government and a valuing of the work that we were doing. Since then, we have seen a partial roll-out of the money and further commitments to continue it, with £25 million this coming year.

We all took a knock when we saw the reinstatement of the 10 per cent cut to Creative Scotland a few weeks ago, which resulted in the closure—albeit temporary, as it is reopening—of the open fund for individuals. To say that the work is valued and understood and that there is an agreed need for investment, but that the sector has to be able to make in-year cuts, is a very

confusing message to send to the sector and means that it finds itself in a really difficult place.

There is most definitely a need to rebuild trust. However, there is also a huge amount of fear and trepidation about what lies ahead at the end of October, with Creative Scotland’s multiyear funding programme decisions about to be announced, given that there is a very large number of applications the fund is hugely oversubscribed.

The sector is looking for clarity on that budget, on where the investment and commitment lie, and on when the pledges are coming through. Ultimately, it is looking for stability.

Lyndsey Jackson (Edinburgh Festival Fringe Society): I thank the committee for having me.

I completely echo everything that Lori Anderson said. I will add that, in order to have confidence, you need the ability to balance risk, reward and opportunity. There is no confidence without certainty.

As a sector, we are seeing a huge amount of ambition, words and strategy that are in no way aligned to what we are seeing and feeling on the ground, in relation to actions that are being taken or not being taken.

Confidence is low, because we have zero clarity. It is impossible to be confident to step off a cliff if you have no idea what is through the fog. The whole sector is in that position. I would include Creative Scotland in that, as an organisation that is equally unable to move forward with any sort of confidence, because of the position that we find ourselves in.

Everything that Lori said absolutely reflects what is happening in the sector.

Liam Sinclair (Dundee Rep and Scottish Dance Theatre): I thank the committee for inviting me along.

I would also echo what has been said already. I wonder whether painting a story of our organisation over the past four weeks might be useful, to bring it to life a little bit.

For those who do not know Dundee Rep and Scottish Dance Theatre, we are a building-based producing organisation. We have an in-house theatre company and dance company and an extensive engagement programme.

In the past four weeks, our theatre company and our dance company were both presented in the Fringe’s made in Scotland programme, with support from the Scottish Government’s expo fund. We got a clutch of four and five-star reviews, we were invited to perform all across the world, and we won multiple awards.

At the same time, our drama therapy service, which works with people who are in really challenging mental health situations, marked its 30th birthday, with continued partnership from the health and social care partnership. Through some other money that local authorities have received, through the Scottish Government's mental health and wellbeing framework, we are now establishing a whole-family service for drama therapy. We re-enrolled 300 participants, aged 9 months to 90 years, who come to the Rep in Tay Square every week and participate in engagement activity.

At the same time, I, the board and the senior team have been modelling quite drastic financial implications for next year, with a cash flow in certain scenarios that does not work. We have therefore been looking at a redundancy situation, and at what the different situations look like. We have been very transparent with our staff about that; that contract of honesty feels really important, so we have been briefing them about those consequences.

We are an incredibly confident sector. Our organisation is just one of many, and one of many who work with a whole range of freelancers that we could not do our work without.

In the case of our activity with the Fringe, we are presenting Scotland to the world and we are being recognised for that world-class delivery. We are also being recognised for world-class delivery in relation to mental health and wellbeing activity. However, behind the scenes, we are working on really drastic consequences that we feel will probably play out if there is not a stabilising of financial projections from Government to Creative Scotland in the weeks ahead.

During the festivals, we picked up that some of that lack of confidence underneath is starting to leak through, perhaps for the first time ever. Of course, we are not necessarily talking about it to all the international delegates that we meet. However, one of them said to a colleague, "What is going on in Scotland just now? Normally, we come to Edinburgh in August and it is so confident." There is a feeling that people cannot quite commit to long-term plans, and long-term planning is critical to international relationships.

We are at a pivotal moment. The clarity point, which has been picked up on, is vital to stabilising that projection of our world-class cultural offer for the future.

Caroline Sewell (Musicians Union): Good morning, everyone. I thank the committee for having the Musicians Union along.

This is a really critical moment for arts funding in Scotland, punctuated by some of the events that we have seen take place over the past couple of weeks.

We represent more than 35,000 working musicians across the whole of the United Kingdom. They work right across the sector, as teachers and live performers, in a whole array of different settings. Our members are predominantly self-employed or freelance. That community of musicians and workers across the creative sector have been some of the most acutely impacted by the real challenges and crises that we have experienced over the past few years. That has only added to the pre-existing precarity that has always come with being a working musician and the original incumbent of the term "gig economy".

It is fair to say that, in recent years, that precarity has been felt only more acutely by our members. They can apply to the individual fund, and they are also engaged by the organisations that apply to the other funds and by regularly funded organisations and so on. They are at the business end of some of those challenges.

Lyndsey Jackson mentioned opportunity. When we talk about confidence for working musicians, we can say that we have seen a dwindling number of opportunities for them to work within their profession, earn a living, feed their families and put food on the table. Almost half of working musicians have reported that they earn less than £14,000 a year. That is from the musicians census of 2023. It is a stark figure, which paints a picture of just how much some of our members are on a knife edge when it comes to their ability to earn sufficiently from their work.

It is not a confident sector at the moment. I agree that there is mixed messaging, which we and our members are hearing when it comes to funding. Funds are being cut, then reinstated, then drawn down. It is very confusing for a lot of our members, and for workers across the sector.

It feels like a little bit of doublespeak to hear that there is a promise of £100 million coming down the road. We do not want to hear lip service or promises of jam tomorrow. We can all agree that we need tangible actions to take place; confidence will be restored or rebuilt when that happens.

The Convener: You have all mentioned the £100 million that was promised by 2028-29, with £25 million of that intended to be added into the culture budget for 2025-26.

What would your priorities be, and what would maximise the impact on the culture sector for that spend?

Lyndsey Jackson: The priority would be that there is more than £25 million. It is about the crisis that the sector has been in, in some ways before Covid, but increasingly post-Covid, and the promises that have been made since 2021.

We need urgent action because Scotland is at risk of losing the powerhouse of its creativity. People think of the culture sector as a discrete subsidy piece over here—as a “nice to have”—but that does not acknowledge the fact that the sector and the creative people who work in it are producing new ideas and bringing that level of creativity to organisations across industries. We hear lots of talk about how creative the green energy sector is going to be in the transition to net zero, for example.

The culture sector and the creative industries have been punching above their weight across a range of sectors for decades now. It is one of the fastest-growing sectors in the UK and in Scotland.

09:00

Scotland has to choose whether it will invest in that now or just watch it decline year on year. Not only is the productivity of the organisations declining, but the number of people in the sector will decline. The individuals who work in the sector can and will tolerate only so much. A younger generation is looking at our sector as not a particularly good place to work for lots of different reasons. If we are lucky, they leave because they have had enough, but actually they are mostly leaving because they cannot do it any longer.

I do not understand how any of that fits with the overarching ambitions to have the right to fair and decent work or economic health and wellbeing. Scotland needs to reconsider how it will invest that £100 million strategically over the short term for an incredibly easy-to-evidence and already happening long-term return rather than thinking of it as losing £100 million to the culture sector over five years. A mindset adjustment needs to happen.

Liam Sinclair: A tangible thing, which we touched on earlier, is that Creative Scotland is on the precipice of making some important decisions that will shape a huge swathe of the culture sector for years ahead. It needs some budget clarity so, if the £25 million that has been talked about at length is a genuine commitment for next year's budget, that needs to be indicated to Creative Scotland with confidence so that it can confidently make decisions in the next few weeks that will reshape the culture sector for years to come.

I echo what Lyndsey Jackson says. I have touched on the mental health and wellbeing contributions that our organisation makes. We have also led responses in our area to what changes in society might come from net zero and the climate agenda. That is about bringing creative practice and creative thinking to communities and working through some of the science, because we will all have to make leaps of imagination about what living in a net zero and more climate-

sensitive way looks like. The creative sector is full of people who can help us do that. However, to circle back to multiyear funding, we can make those contributions only if the core base is stable and we understand that.

Lori Anderson: I agree with all that has been said. Investment in culture is absolutely preventative spend. It needs to be talked about as an investment and not seen as bailouts or emergency funding. We need to be thinking long term.

The £25 million is key across the whole sector. Creative Scotland is obviously just one part of that, but that critical budget issue is causing a lot of organisations some sleepless nights at the moment.

When we called for £100 million at the committee last year, we called for it to be given in one year to rebalance and make up for almost 15 years of standstill funding. We made that call to take us back to a level playing field and so that we could then do all the amazing things that we want to do, build on that and on our ambitions and fulfil the ambition of the strategies that have been set out. It is important that that money is seen as an investment, as others said, and not funding to bail the sector out or just to prop it up in an emergency. There needs to be a long-term strategy alongside that.

Caroline Sewell: I echo what everyone else said. An urgent priority is achieving the stability that we keep coming back to. Our resilience has been dwindling over the years with year upon year of standstill funding and chronic underinvestment. We now feel a much deeper impact from the financial situation.

We must always remember that the money is investment. We know about not only the multiplier effect that arts investment has and the positive impacts that it has elsewhere in the economy, but what a thriving and buoyant creative sector can bring to other Government portfolios and the impact that it has on our communities and our wellbeing. Therefore, we absolutely must see the £100 million as investment. As much of that £100 million as possible must be provided as quickly as possible.

Alexander Stewart (Mid Scotland and Fife) (Con): I thank the witnesses for their comments so far. You have touched on risk and reward. Currently, it appears to be the case that there is much more risk than there is reward for the sector.

You have also touched on the flexibility that you need in order to ensure that you can bring artists or individuals into organisations. My take on that is that it is very difficult for you to do that at the moment, because you cannot reward those individuals with pay. You are asking your current

staff to do much more with less, which means that they are under more strain. Your attempts to attract new talent and the individuals who will take on your roles in the future are being jeopardised.

How confident are you that the Scottish Government is getting the message right—that funding is coming, but it is coming in a tranche or two, and at different times in different years? How confident are you that Creative Scotland is the organisation that you can put your trust behind to ensure that you can thrive and survive for the future?

Lori Anderson: I have already touched on the first part of your question. There is a huge amount of uncertainty, with the message chopping and changing—money is in, then money is out—which means that the relationship with the Government is not strong. It is difficult to see that the Government really understands the sector's value. Although a lot is being said and there is a lot of very positive rhetoric, the actions that the Government is taking put a big question mark over whether it values the sector.

On your second question, we welcome that a review of Creative Scotland has been announced. It is a good moment to do that, given the challenges that the sector is experiencing and its needs, following what we have experienced and the issues that have been created by the Covid pandemic and the cost of living crisis. For us, it is really important that the review does not derail on-going programmes, that we get a resolution on the multiyear funding programme and that the other programmes are reinstated. It is an absolute priority for us that business as usual must continue.

It is vitally important that there is an organisation that is at arm's length from the Government. Creative Scotland fulfils that role and we want it to continue to do that, so that the organisation is able to take separate decisions. However, there needs to be a strong relationship between the sector, Creative Scotland and the Government.

It is probably a good time to be thinking about Creative Scotland's remit and how its work fits our strategies, as well as what the sector needs. There is a concern that, come October, if we remain on standstill funding, Scotland's cultural landscape will look very different and some adjustments might need to be made. It is important that Creative Scotland and the Government are able to respond with strategies that support the sector, and that there is the right investment to do that.

Liam Sinclair: I would echo Lori Anderson and will add a cross-portfolio dimension to the discussion. As an organisation, Dundee Rep is committed to the cross-portfolio agenda, but I was

struck that the committee's briefing paper acknowledges that that agenda has not been accelerated anywhere near enough. It is important to say that none of us here is immune from understanding the fiscal challenges that the nation is facing. We all work with budgets and understand the situation; we understand that the constraints are the same at a macro scale. It is also important to acknowledge the myriad of social, strategic and economic challenges that the nation is facing.

I will go back to the point about investment. I am utterly convinced—I know that my colleagues would be, too—that if we could accelerate some of the cross-portfolio agenda, the culture sector could make an even greater contribution to helping to transform the nation's fortunes for the future, and to transforming how we are thinking about the myriad challenges that we are faced with. They include the net zero agenda, the health and wellbeing agenda, the education crisis as it relates to additional needs and so on. However, a genuine cross-portfolio way of working has to be accelerated inside the Government.

Lyndsey Jackson: On defining what we in the sector think of as risk and reward, we are not in businesses and we do not own our own businesses; rather, we are probably mostly employees of charities that are designed to operate for the public good, whether or not they are public sector organisations.

I work in the sector because I like applying my skill set, which is largely administrative and strategic, to a thing that I enjoy taking part in. The reward is less. However, the reward in financial terms and in terms of being able to be a good employer goes alongside the reward of being able to provide, for audiences and for the creatives in every art form who want to participate, the ability to find one another and to have those moments where you sit in the dark with a group of strangers after the lights go out, then magic appears on the stage in front of you. The fringe festival is an excellent example of that. You cannot quantify that or do an economic assessment impact of it, but you can understand what it means for human connection. That reward is intangible, and you feel it in spades in August.

The festival thrives on that risk and reward balance, but at the moment the risk portfolio is out of balance, largely because we are so distracted by problems that are not of our making. The sector and the organisations in it need to be freed from the burden of impractical multiple scenario planning and of being distracted by conversations, strategies or reviews of our public sector funder, all of which lead only to delays in operational decision making. The risk then becomes that everything is more expensive because it is done

on a short-term basis or in an emergency situation. Everything is more expensive and riskier when you cannot provide people with certainty when they take that step with you.

As a small example, the Edinburgh Festival Fringe Society, through a donation in 2023 and funding from the United Kingdom Government for the next two years, has our “Keep it fringe” fund grant programme. That is a low-risk, high-reward strategy. It gives artists who have professional ambitions a cash injection of £2,500 to spend as they need to spend it. They have to articulate their professional ambition, whether they are right at the beginning of what they do or are looking to take the next step, but they are freed financially and in terms of reporting and infrastructure—they are not told, “You must spend the money this way”—to achieve their potential and to deliver their personal and professional objectives. Without even thinking about it, that addresses many other objectives around doing things differently. Their creative potential is unlocked.

Because so many organisations spend far too much of their capacity, time, skills and resource on balancing the risk and reward in relation to scenarios that might never pan out and with absolutely no certainty, the sector is an unattractive place to work.

Alexander Stewart: Absolutely.

Lyndsey Jackson: However, the situation would actually be easily fixed, with provision of a little bit of certainty.

Alexander Stewart: As I said, if there was certainty, co-operation and confidence, the situation could change. The potential that would be unlocked, if we get it right, would be enormous, as you have all articulated. The knock-on effect of what you can create from being given a small amount of money can be enormous within a community or a sector, and it can lead to massive things in the future.

I can see that Caroline Sewell wants to come in. I am sorry, Caroline.

Caroline Sewell: I absolutely echo the point that you have just made. In the past couple of weeks, members have come to me with examples of exactly how that has happened for them. One application to the open fund for individuals years ago has had wide-ranging ripple effects, not only for a person’s growing career path, but in terms of engagement of other musicians, venues and crew. The impact that a relatively small amount of money can have is important, including for the ecosystem. I am sure that you will have heard me, my colleagues and others in the sector refer to the very delicate ecosystem of our industries.

On the point about Creative Scotland and the review, I agree that it is probably timely to have a look at that, but Creative Scotland is just one part of the system. We need to take a look at arts funding and investment in the round; we need to look at how local authority funding interacts with Creative Scotland funding, how each of the streams can work for one another and balance out, and how they interact with the culture strategy and action plan. We perhaps have to get away from thinking about what we can do within the confines of the funds that are available and start thinking instead about what we want to do and matching the funding with the activity.

09:15

Your point about leaders for the future is another important part of your question. We have discussed among ourselves how appealing the sector is to people in the younger generation who might be considering a career in the arts, whether as a professional musician or something else. Fair work probably plays a big part in ensuring that we provide an open, welcoming and sustainable place for people to be and to live out their careers.

We need to make sure that young people continue to have opportunities to engage with art and culture at the earliest possible stage in their lives. That is another element that we have to retain and bear in mind when we think about investment in art and culture.

Neil Bibby (West Scotland) (Lab): Good morning. We have talked about last year’s announcement of an additional £100 million over five years. A full timeline for delivery of that extra funding has never been shared but, clearly, if it were to be delivered on a linear path, that would be £20 million a year. The problem is that, despite £25 million being promised next year, only £15.8 million was provided this year. Does that not show that, in delivery of the £100 million, the Scottish Government is already behind schedule, if it is going on a linear path to meet that commitment? Given what you have said about the need for accelerated funding and front loading of the £100 million, £25 million would only get the Scottish Government back on a linear path, and that would not be sufficient to meet the challenges that you currently face.

Maybe Lori Anderson will answer that first.

Lori Anderson: I am happy to take that question. I question whether all of the £15.8 million is new money. We know that £6.6 million was for reinstatement of the cut from last year. We also know that the investment for Creative Scotland’s place project and the Culture Collective has been cut. For me, there is a question about how much of the £15.8 million is actually new investment.

There have been increases to some of the national bodies and organisations, which obviously were welcome and needed. Many of those bodies have had to spend that immediately on public sector pay awards. Obviously, that is positive, but it means that there is no additional money for programming and other work.

We have had £15.8 million to start with. We need to know what the plan is for the £25 million. It would be easy for all of it to be allocated to the multiyear funding pot, which currently has a gap of almost double that. However, there is the wider sector to be concerned about, as well. Many individuals benefit positively from the organisations that make up the multiyear funding programme, but they are also looking for funding for their own work.

Then, there are all the other sectors. Last week, the committee heard from Museums Galleries Scotland, which made the case that those bodies are not within the Creative Scotland pot.

We need a plan. We need to know where the money will go and what the timescale is, because it is now five weeks until multiyear funding decisions are made.

Neil Bibby: Are there any other thoughts on that question?

Liam Sinclair: Thinking back to multiyear funding, I note that most cultural organisations will either be in the middle of, or approaching, the end of their audits. If you have a 31 March accounting year—not every organisation does, but a lot do—you have to file your accounts by 31 December. An auditor will ask what your “going concern” status is based on, and, if it is in any way based on an existing regularly funded organisation—RFO—commitment or another annual funding commitment that is currently in question, they may question it. There is a very real tipping-point scenario that could quite quickly start to unravel this autumn, with “going concern” status being questioned by auditors. It goes back to the confidence point: we want organisations, including ours, to be able to project confidence.

On Neil Bibby’s question—yes, we need that clarity. I think that £25 million is not enough as an initial commitment. However, if it is to be £25 million, that is fine, but we need to know now, so that those who are engaging with funding commitments—even indicative funding commitments—ahead of the Scottish budget can do so in a manner that allows auditors to be happy and to avoid a domino effect of issues about being a going concern emerging for the sector between now and Christmas.

Lyndsey Jackson: As a non-regularly funded organisation and one that is not in competition for the RFO profile, it is already pretty tough for us,

and we are one of many such organisations. The minority are regularly funded, but in the depth and breadth of Scotland’s creative sector, the majority are not.

The biggest challenge is that bad economics trickles down, much as good economics trickles down. We have an RFO-funded hierarchy, in which RFOs are being asked to do more and to meet more objectives with standstill or reduced funding, which pushes them into the space—the sponsorship, funding trust and foundation or individual donor market—of those of us who are not funded or who are funded project by project, and that increases competition. It is not news to anybody in this room that certainty breeds confidence. People who have regular funding are more likely to be successful in applications because trusts and foundations like matched funding—they want that certainty.

That is already the status quo, and we manage that as best we can by trying to diversify different types of revenue and income. However, in five or six weeks’ time, what we are all facing is a flood of organisations making crisis calls, with funders, trusts and foundations quite rightly doing what they can to respond to that crisis, which will only reduce the pot for those of us who are not even in competition for those funds. That is despite, in our case, the fringe festival returning £300 million a year to the Scottish economy.

There is a very real train wreck coming our way. The organisations that do not know what their funding portfolio looks like will only ever be able to do contingency planning in crisis mode, and the flooding of the market will make it even harder for organisations that do not have the administrative or skills capacity to compete in that funding landscape, and they will overpromise and to say all the right words. It will only get harder.

Caroline Sewell: I completely agree. If the amount is £20 million, it will not touch the sides, and I do not know whether that would be the best way to use that pot of money, given the multiplier effect that we spoke about earlier. Either way, funding has to be strategic because, at the moment, so much firefighting is going on across the sector. We feel that we respond to crisis after crisis, so the money needs to be used strategically. It needs to play into the long-term plans and development of the organisations and projects that exist in the sector, just to ensure that we provide continuity of opportunity for the sector as a whole.

Our musician members do not earn as they work: they earn their salaries or wages once a project has been delivered. Earning is project to project; it can be quite intermittent. Sometimes, it can take some time for invoices to be processed and paid, so it is a hand-to-mouth existence for a

lot of working musicians. Therefore, ensuring that we keep the work opportunities coming as regularly as possible is really important for the people who work in the sector and actually create the art—the commodity that we love to engage with.

Neil Bibby: We briefly touched on the Creative Scotland review earlier. Should that review be run independently of Government? Should it have a broader remit than just Creative Scotland? There was mention of looking at different funding streams, for example. You all deal with Creative Scotland—if not reliant on its funding, you deal with it in some way. In your experience, how can it improve as an organisation? Can efficiencies be made in the way in which it delivers what it delivers?

Lyndsey Jackson: With respect, it is almost pointless to talk about a review of Creative Scotland because it does not exist in a vacuum. To start a review of Creative Scotland now, when it has zero certainty, means that you are reviewing something that is not sat in an operational and strategic context.

The step before considering what a review of Creative Scotland should look like is to consider what the Scottish Government's plan and objectives for the creative sector are—delivered in part by Creative Scotland. Creative Scotland then needs an operational framework in which to redesign and reconsider what it is. Part of that can be review, but, if you start with review, you are reviewing an organisation without talking to the context. From Creative Scotland's point of view, that will be almost impossible to do, and no matter who does it—the sector or the Government—it will not be functional or useful. It will be another distraction and, potentially, just a big waste of money.

Before any review of Creative Scotland can take place, a decision is needed on the financial future of the organisation and on how much money it will have, at least until the next election, to enable it to deliver on its objectives. You can then review what its objectives are within that, but, currently, it is the wrong way around.

Neil Bibby: Are there any other thoughts on that?

Lori Anderson: I understand that the programme for government says that the plan is to “Review the way the culture sector is supported, including a review of Creative Scotland”.

There is an intention for a wider review and, as Lyndsey Jackson has said, we need to understand where Creative Scotland sits in that context. It is really important to have a wider look at how we

invest in culture to see where the gaps and needs are and where Creative Scotland sits.

As yet, we do not know what the review entails or how extensive it will be. I understand that it is not a formal review of Creative Scotland, and it will look only at a certain part of the way in which it works. Asking those questions about the wider context of where it sits is really important to that conversation, so we look forward to getting details of how it will be taken forward.

Liam Sinclair: Building on those comments, I note that I was struck by the letter from the cabinet secretary that the clerk shared, which I think the committee received just recently. The first timeline that we need is for when we will see the first draft of the scope of the review, because we can then reflect on it, thinking about the comments that have been made and what it means.

Another thing that has struck me in comments by the cabinet secretary on a number of occasions since the review was announced is his expectation of business delivery as usual by Creative Scotland. Now, my sense is that the relationship between Creative Scotland and the Government needs a bit of strengthening at this point, but if it is the case that business as usual has to continue and, therefore, funding and development operations have to continue, that requires a really strong relationship. We cannot have a funder being told to do business as usual, when the sense in the background is that that is being questioned at every turn, including by the Government. That way lies chaos, frankly.

If the expectation is that it will be business as usual and that, therefore, funding schemes, multiyear funding, a reopened open fund and other ring-fenced programmes must continue, we need to be in lockstep in holding firm to that being the plan of delivery and decision making for the next 18-month period, while clarification of the scope of and timescales for the review are on-going.

Neil Bibby: Caroline, do you have anything to add?

Caroline Sewell: I echo everything that colleagues have said. I will not add too much, other than to note that there should be a clear set of objectives for the review and that continuity, in relation to Creative Scotland's operational ability, has to be paramount. We need a clear set of objectives and we need to ensure that we look at not just Creative Scotland but funding and investment in the round. That is all that I would add.

09:30

Keith Brown (Clackmannanshire and Dunblane) (SNP): Thanks for coming along today.

I have two questions. The first is really an observation, which I would like to get your views on. Last week, we had a similar evidence session, and it was described—probably by me—as a bit of a “doom loop”, and this week seems no different, to be honest.

On the one hand, at the root of all this is the question of resources. I understand that point. However, there seems to be something else going on, which is a lack of a shared understanding between the sector, the Government and Creative Scotland. I agree with the contributions that have been made—especially by Liam Sinclair—about Creative Scotland and the Scottish Government. It is confusing. I probably disagree with the origin of that, but that is certainly true. The committee has seen confusing messages coming out, with one thing being said one day and then that being changed the next day.

I cannot speak for the committee, but I think that it would generally agree with the point about multiyear funding. I think that everybody wants that from Government, but the sector has a particular claim, given the precarious nature of many of the people who are active in it. I think that the committee would support that. There could also generally be a stronger case made to Government; I think that the committee would probably be keen to support that.

On the other hand, if it is the case the Government does not properly understand the need for that, I also do not think that there is a true understanding of the nature of the issues that the Government faces. Lori Anderson’s submission talks about lack of investment over a decade, standstill funding, the impacts of Brexit, the Covid-19 pandemic, high inflation and the cost of living crisis. It also refers to 15 years of standstill funding. I am trying to think what might have happened 15 years ago, when standstill funding was started—but it is not mentioned here. There is also the fact that we are now into a new continued period of austerity.

In relation to multiyear funding, there is also the fact that the Government itself is now being asked to set its budget without knowing what it will get in terms of block grant, which is an absurd situation, and that, a couple of weeks ago, it had £160 million stripped out of its budget at 90 minutes’ notice.

There does not seem to be a shared understanding of the causes and effects. We are hearing about the effects—quite rightly—from the sector, but the better way to make the case is to understand the pressures on the other side and then to make a concerted case for multiyear funding.

Those are my views. I am interested in how you will come back on them, which I am sure you will.

Lori Anderson: In its very first sentence, my report says that there is no lack of understanding from the sector of the difficulty of the budget situation that the Government faces, and others have said that in their evidence this morning as well, so please be reassured that we understand that.

The difficulty that we have is that we are one of the smallest portfolios. If that £6.6 million cut had been taken out of many other portfolios, people would barely have noticed. However, for us, that £6.6 million, and where it was cut from, had massive implications. That is why there has been such concern and such a huge response.

Given that we are dealing with such tiny amounts of money, it is very difficult for the sector to understand why it is perhaps not being understood that those decisions have those massive implications. We all put our work on hold. So many artists have had to submit applications last minute for that fund before it closed. We all rally to try and support them and find out what is happening. There has been huge upheaval, which has put the whole sector on hold for the past few weeks.

Putting that aside, we are talking about small amounts of money, although we do understand the bigger picture and the bigger issues that there are. There are organisations that have been on standstill funding for 15 years. For the majority, it has been about 12 years or so. Liam Sinclair will probably be able to answer that. That is where that figure came from; that is what some are facing.

The issue is understood. We have always campaigned for a proper decent settlement for culture funding of 1 per cent. The committee supported that position a couple of years ago, although I do not think that it supported our call for it last year. That 1 per cent would bring us further in line with what other countries are investing into the creative sector from their Government budgets: the European average is between 1 per cent and 1.5 per cent. We have ambition and we want investment that will allow us to thrive. At the moment, we are not able to do that. We understand the challenges across the board and the fact that difficult decisions have to be made but, ultimately, it comes down to choices. As we have all submitted in our evidence, and as you all accept, investing in culture has a multiplier effect and there are other benefits that are really strong. We need to start talking about culture in those terms and seeing it as an investment, not a problem that needs to be solved.

Keith Brown: Before we go to other witnesses, I will pursue the issue of the 1 per cent funding. I

do not know whether you are able to quantify what that would be—say, £350 million? Do you know what kind of increase that represents from what you currently get from the Government?

Lori Anderson: I do not have the figure on me at the moment.

Keith Brown: I do not know, but the budget is probably about £35 billion, or something like that.

Lori Anderson: I think that we get about 0.56 per cent.

Keith Brown: So, essentially, 1 per cent would mean doubling the budget?

Lori Anderson: Yes.

Lyndsey Jackson: I challenge the idea that we do not understand the broader context, because we all live and work in the country and we are all citizens in our own right. We have talked about the external benefits of culture and its multiplier effect.

You cannot move in the culture sector for economic impact studies, based on real data, showing the return on the Scottish Government's investment of however many tens of millions in taxation, trade and investment. As many as 1,600 international delegates come to Edinburgh during the fringe to buy work to export, including 900 Scottish shows. We bring in tourism and add to employment. There is an invisible supply chain; you cannot move in the city in July for men in cargo shorts and steel toe-capped boots. How many businesses, such as joiners, electricians, food suppliers and mechanics exist only because of a cultural infrastructure that predominantly buys local? Much of the supply chain for the fringe is local, and I suspect that my colleagues across the country would say the same. There is an economic advantage to buying locally and to having local skills. There are travel and accommodation providers. There are reasons why businesses such as Skyscanner choose to headquarter in Edinburgh, why the city is a global fintech hub and why we have world-class universities. That is replicated everywhere—there is a reason why Dundee is thriving.

That is the return that we get for the investment of tens of millions of pounds; for the fringe alone, the return is £250 million, and we do not really get anything. In a difficult budget, the step of saying that we have to choose whether we are funding education or culture fails to understand the enormous opportunities that culture brings. In part, that is because we bring the doom and gloom—we tend to say, "If you do not do X, all those things will happen." We may need to reset and say, "Here all the positive things that you stand to lose that are not about culture but are about contributing to Scotland's bottom line and, on top

of that, contributing enormously, punching well above their weight, to brand Scotland."

The culture sector contributes to why Scotland is an attractive place to live, work and invest. Scotland wants to attract the energy companies of the world to be part of our just transition to net zero and be a powerhouse in that—but what will all those people do in their evenings and weekends? Where will their wives, husbands, partners and children work and enjoy themselves? We have to stop thinking about culture as something that sits in a vacuum, and start thinking about it as part of our everyday economy that makes an enormous contribution to it. The ROI from culture spend is significant.

Liam Sinclair: I would absolutely build on that. On the day that the Cabinet Secretary for Finance was giving her mid-year fiscal update, I was on multiple live response threads with colleagues across the culture sector. The awareness is there and there is an understanding of the enormous challenges. To pick up on Keith Brown's point, we understand that there are levers that are being pulled beyond Scotland that influence how the Scottish Government has to navigate fiscal decision making.

At the risk of sounding like a stuck record, I am going to circle back to cross-portfolio work. We understand that there are challenges ahead in relation to the strategic policy challenge and the fiscal levers that can be pulled, but it would be interesting if there was a concerted effort to accelerate cross-portfolio budgeting to get closer to the 1 per cent as we approach the Scottish budget on 4 December. If there were a large-scale cultural experiment across the nation for the next few years, it would be interesting to see how the extra money that could be found from different cabinet secretaries' budget decisions in the months ahead and the amazing, talented cultural workforce that we have could contribute not only to the fiscal challenge but to the policy challenges that the Government has.

Caroline Sewell: I fully agree with everything that colleagues have said. What we are saying comes across as doom and gloom, and that is because it is for a lot of my members. I may be slightly different from the other colleagues in the panel in that I represent thousands of individual working musicians, so I am acutely aware of the challenges that they face and of the huge levels of anxiety that they constantly have about their livelihoods, futures and how they are going to look after their families. Sadly, it is doom and gloom.

However, there is an understanding of the fiscal situation. We also hear positivity. The Scottish Music Industry Association released its latest research figures, which show that £195 million was generated by the music industry for the

economy in Scotland, and that more than £406 million was generated from music tourism. That is positive and, again, it has a multiplier effect.

We are a trade union, and we are affiliated with the Scottish Trades Union Congress. I imagine that the committee is aware of its tax review and its report, which cites that an additional £3.7 billion could be generated by wealth taxation. There is an opportunity to zoom out a little bit and look at how we can get that 0.56 per cent to somewhere close to 1 per cent. Although that would mean almost doubling what we get at the moment, which would be great, we also have to remember that the European average is 1.5 per cent, so it would still put us quite far down the league tables, but not quite as far behind as we are now.

Keith Brown: You will be pleased to hear that my second question is much more focused. On the issue of cross-portfolio work, it would be interesting to hear a conversation take place between those on the culture side of things and those in education. Those in education are battling for more money for music tuition and have been asked to give it up to another portfolio. Things like that will go on, but they are difficult.

Please have faith that every single department will talk about the multiplier effect of what they do—education, health and housing will all do the same thing. I am not saying that what they say is not true; I am saying that they all make powerful arguments.

I genuinely do not know whether the sector has gone any distance towards doing things such as shared services in relation to personnel functions or wages, or even grant funding, applying for which can be very onerous and time consuming. Is there much joint working between different entities in the sector to try to bear down on those costs?

Lyndsey Jackson: It is difficult to ask organisations to try and smush themselves together to save on how many photocopiers they buy or how many offices they rent. What you see in cultural organisations is leanness and the flexibility to collaborate. Partnerships are built through Made In Scotland, and Dundee Rep, the National Theatre of Scotland and Grid Iron were in co-production with Summerhall for this year's fringe festival. There is a huge amount of resource sharing on the production side of things. There is also a huge amount of human resource sharing and skill sharing. It is naive to think that individual cultural organisations and businesses of different scales have anything more in common. It is like asking individual sole traders to share working spaces.

09:45

The efficiencies are already there. We are all running the leanest organisations we possibly can. We are all up for that, and we have done the scenario planning to ask how we could be leaner and how we could collaborate more. However, change does not happen without investment, and being told to do that in order to save costs and reduce delivery is less appealing and less strategic than saying, "We are going to invest in this shared resource."

I would argue that the fringe is an enormous shared resource in terms of industry, media, public relations, engagement and networking, and the economy of scale means that everybody benefits much more than they would if they tried to do all that themselves. That is the sort of innovative approach to collaborative working that we need, rather than being told that we should all move into one office and share a photocopier. We are not spending that much on overheads anyway—apart from some of our venue colleagues, perhaps, who have a different set of capital challenges. However, we are up for the collaboration.

We can help solve some of those problems, and we can help address the economic picture, but we cannot do any of that when we are constantly fighting crisis after crisis and have no certainty.

Liam Sinclair: Just to build on that, there is a strong production sharing agenda both at the national level among Scotland's producing theatres and partners and at the local level. In Dundee, we take a very collaborative approach, and we look at shared training for staff, shared opportunities for procurement and so on. At the national level, Scotland's building-based producing theatres collaborated on and published a big piece of data research a year ago, which looked at a whole range of things, including the marketplace. We are now working on a joint project to better understand the marketplace in Scotland in order to grow Scottish audiences' consumption of Scottish-made products, so that we retain the wealth creation of the audience purchase inside the Scottish making sector. There is a lot of strategic collaboration.

We are a sector that always looks outwards. We look out at the shared services landscape and where those services are working—or not working; I am sure that you have heard evidence from the arm's-length bodies that run cultural services for local authorities that they are not necessarily in the rudest of health either. The agenda of finding efficiencies and new ways of growing took hold around 10 or 15 years ago. We need to see what that looks like across delivery in Scotland—the public sector, arm's-length bodies and the third sector.

As Lyndsey Jackson said, we are already a lean sector. Of course, we are up for the challenge of getting more of that resource working efficiently in order to get more of the benefit out there for the people of Scotland, but it is sometimes quite hard to point to examples of where that is working perfectly.

Caroline Sewell: I echo what colleagues have said. It comes down to the ability to plan strategically and plan ahead. Many organisations do not have the space or the scope to do that as effectively as they would like.

A large part of the sector runs on a shoestring, comparatively speaking, but it is an innovative sector that can find creative solutions to problems. The only word of caution that I would air is that we would not want it to come at the price of opportunities or output.

Patrick Harvie (Glasgow) (Green): Good morning. I find a great deal that you have said interesting, especially on some of the cross-portfolio stuff.

I will come on to what Caroline Sewell said about where we raise the money from and finding more creative ways of doing that, but first can I be a bit unfair? You have made a very strong case that the scale of investment needs to go up and is a high priority, and that the stability and certainty that have been lacking are a high priority.

One of the factors that have been part of Scottish Government budgets pretty much since austerity began is that there is a tension between those things. The more money you put into a particular budget, the more risk you create that, halfway through the financial year, you will have to hit the spending controls. If that happens, legally or contractually committed stuff will be protected, whereas a sector that does not have that protection is immediately in the firing line and you are back into instability.

You should not have to pick one or the other—the scale or the stability. Everybody on the committee and probably everybody in the Government wants to give you both. However, can you give us more of a steer on where the priority lies between the two? There have been parts of this conversation where the priority was clearly scale and quantum, and parts where it was clearly stability. I know that that sounds unfair to ask.

Lyndsey Jackson: The current structure of support from Creative Scotland is largely one size fits all. There may be a handful of programmes, but the approach is very one size fits all, which means that every opportunity is held to the same deliverables from the Scottish Government. You must deliver all of them, irrespective of the scale of what you are attempting to do and the amount of money that you want, which means that the risk

assessment is the same irrespective of whether you want £5,000 or £2 million. Of course, it is not the same, because the higher the investment that you make, the higher the stakes are. Therefore, the sector lacks any space to fail. We need a level of certainty that underwrites what it costs to do business daily and not lose capacity by trying to find money to pay the electricity bill or to ensure that the back-of-house resource that nobody knows about, such as finance managers, credit card processing charges or cleaners, are all paid fairly.

One thing that I would ask for in a Creative Scotland review would be a more nuanced approach. The current approach comes from the Scottish Government and filters down. The Government says to Creative Scotland, “We want you as an agency to deliver against all these agendas”, which forces us as applicants to say that we will deliver against all those agendas and to promise more with limited resource, which pushes us into doing bigger and bigger things and doing more and more, rather than doing things that are proportionate and that have space for us to take risks, try things and fail. On the flip side, that risk often comes with massive reward. Again, the fringe has multiple examples over decades of people taking big risks and seeing the pay-off for that, which contributes.

The certainty that is needed across the RFO portfolio does two things. It gives a bedrock of organisations that are working with the non-funded sector. None of that exists without a freelance and creative network. However, it also gives those organisations certainty and an operating context in which to decide their fundraising strategies so that those of us who are not funded can follow.

We are not necessarily obsessed with scale and growth, although part of it is about pushing us to prove our benefit economically as opposed to socially and culturally—it all comes together. We need certainty in the infrastructure as a scaffold, rather than certainty that says that we will have the money but must address all of the Government’s agendas. The Creative Scotland review should reconsider what it means to be given £2,500 as an individual artist versus what it means to be given a couple of million pounds to deliver a world-class, prestigious arts festival. That is the clarity and certainty that we need and the risk balance that needs to be reset.

Liam Sinclair: If this is not a bit of a contradiction in terms, we could achieve more clarity of the ambiguity that exists. What I mean by that is that we are not completely oblivious to the point that navigating anything in any sector at the moment for any Government is a challenge because we are living in a series of interconnected global challenges. However, when we are told, for

example, that there is a gold-plated guarantee of money being reinstated and then, within six months, the emergency brakes are hit, it does not feel like that was what the money being put back on the table was to be about.

I wonder whether, to address the spectrum that you are trying to get us to tease out, there is a way to achieve that that says that, in a certain set of conditions, the Government can commit to the spend and investment in the following ways but, if certain things change, it will have to adjust that. I would like to believe that our sector would respond favourably to that kind of transparent honesty.

Our sector was one of the first to close during Covid and one of the last to reopen. During that entire 18-month period, we demonstrated constant adaptability—we constantly read the landscape and pivoted how we protected jobs. More importantly, we continued to provide a public service, because that is what we believed in.

The ability to read a landscape and adapt is in our DNA, but we perhaps need a clearer, more transparent conversation, even if that involves people saying, “These are the things we are not clear on, and these are the things that will have to tip the decision another way”, because then we can navigate together.

Crucially, at the moment, it does not feel as if we are all navigating the same ship. Our sector would be up for getting onto the same ship for the stormy waters that are undoubtedly ahead—I am extending the metaphor here, but you can see where I am going—so that we could navigate that sliding scale of stability and investment.

Caroline Sewell: I agree that, for our members, it is not so much about the scale. In fact, we run into some problematic areas, because many of our members would do what they do anyway, which leaves the door open to a lot of exploitation and other things that might happen. It is not so much about the scale, but it certainly is about stability and security of work and income, even for a freelancer or someone who is self-employed. That point is really important.

I am sure that we will talk about fair work at some point. There is probably not a sector more desperately in need of a fully functioning and rolled-out fair work agenda—whatever that ultimately looks like—than ours. Some structure will have to come with that, so it will come down to the investment and what that investment looks like.

The longer-term, multiyear approach is the best way of fortifying the sector and building in some resilience, which we have lost, particularly over the past five years or so. During the Covid pandemic, we displayed innovative behaviour—as always happens with the creative sectors—but we were

not really supported. There was no meaningful support: there was no furlough scheme, and the self-employment income support scheme did not apply to many of our members. Building in that longer-term stability is really crucial.

Patrick Harvie: My other question leads on from the points that Caroline Sewell mentioned earlier about where we get the money from. I will try to join the dots between that and the interdisciplinary, multi-portfolio—holistic, if you like—approach. That sense of joining the dots between different public revenue streams and the public objectives that we are trying to achieve is only one part of the issue.

It is not all public funding, it is also charitable funding, which has taken a serious hit in recent years. It is about the amount of money that individuals spend in the economy when they choose to go out, whether it is money for a ticket to a cultural event or money that they spend behind the bar at the same venue; it is about the commercial operation of some of those venues, whether they are charitable or purely businesses that are looking to get by; it is about local authorities, too, as two or three people have mentioned.

What scope is there for more innovation in relation to where we raise the revenue from? We have seen the tourism levy, which has the potential to fund culture, among other work. Arguments are now being made about a stadium levy, so that highly profitable cultural events do something to fund independent venues. There is the chance to give local authorities more powers to raise revenue at a local level, too, rather than just relying on national funding. How much scope do you see for innovation and change in the way that we raise the money, rather than just focusing on the delivery model for how it gets spent, given the benefits that that could create for the wider cultural economy, rather than just the stuff that the public sector funds?

10:00

Caroline Sewell: My view is that all those things should be taken in the round and looked at as a package of potential avenues, but they have to come alongside a really solid baseline of core funding. The Scottish Trades Union Congress has set out the position on taxation, and the percentage for art scheme and the visitor levies are all responded to positively by those of us in the sector, but I do not think that there is a silver bullet among any of those. What we really need is a strong and smartly funded creative sector—or a smartly invested in creative sector, I should say.

Lori Anderson: I would like to see initiatives such as the percentage for art scheme being

taken forward seriously. That is in the cultural strategy action plan and it is something that we have called for for some time. Others have talked about the leanness with which organisations are operating. The very nature of the sector means that it is creative and innovative, and it is doing as much as it possibly can to creatively diversify income streams and raise money within the current constraints. We are doing as much as we can, but we need assistance to look at other schemes and programmes.

There have been challenges around corporate sponsorship and philanthropy, and there have been collective conversations with Government and the sector about that. We need to continue those conversations and look seriously at how we can address those issues. We need to look collectively at where funding can be raised in smarter, more innovative and more creative ways. We are up for working with the Government on that.

As I said, I believe that the percentage for art scheme could be really important, but we need help with cross-portfolio working. It cannot always be the culture sector knocking at everybody's door and saying, "Please play nicely with us. We're already doing all this work. Let's talk about how we can be better at investing strategically." We need the other sectors to come to us. The culture summit was an attempt to bring in senior leaders from other sectors, but I think that it was only partially successful in that. I look forward to seeing what the next steps are on that.

In my view, this needs political leadership. It needs the cabinet secretaries and other departments to come together and be willing to have the conversations about how, across the board, we can make better decisions about strategic investment. That is what we are asking for, but we cannot make that happen. The cross-portfolio working is a real opportunity but, as yet, we are not moving forward quickly enough on it.

Lyndsey Jackson: We need to think at all levels about unintended consequences and impacts. On the one hand, the transient visitor levy is a great revenue raiser that has been relatively well received, but, on the other hand, its cost will be felt, certainly by fringe artists and by a large number of Caroline Sewell's musicians as well, who can ill afford to pay an extra 8 per cent or 5 per cent on rooms that are already outwith their reach while they are in town contributing to the economy for a period. We do not have a cultural workers exemption from the levy. We are also seeing unintended consequences of the short-term lets legislation.

In Edinburgh, we are trying to figure out what the unintended consequences are for events such as the fringe street events, which are run very

much on a shoestring. We need to be able to keep that whole space safe. The Scottish Government has given local authorities the powers to raise money from recharging services, which will potentially mean that those events are no longer financially viable, because of the money that we will have to give back to the council out of the very small amount of funding that it gives us.

We are up for doing what needs to be done, but we do not know what we do not know, and we are not tax experts or policy experts. I think what we would ask, as all of these things move forward, is to not have a repeat of what happened with the short-term lets legislation, where we were bounced between the Government and the local authority for a long time, and each organisation wanted to deflect us to the other. We were just trying to get some certainty and clarity, even if that clarity meant hearing "We do not know the answer". We have to be involved in the conversations, and the impact on what we do and how we do it needs to be considered. Otherwise, for example, if there is a revenue raised over here, but the bill for street cleaning will be twice what that revenue is, we will be robbing Peter to pay Paul in some cases.

In many ways, we are part of the economy of tourism, trade and industry—almost all cultural organisations are. There has to be a more nuanced understanding that we are not taking that money to fund the culture sector; the culture sector is part of that economy year-round.

Liam Sinclair: I will expand on a couple of things that I have touched on about how we are leaning into diversifying our model and our funding base. One of them is the Scottish marketplace for theatre ticket buying. We are trying to understand the behaviours there, which are markedly different after the pandemic. We think that how audiences behave now is here to stay. Our explicit objective is to retain in Scotland more of the benefit of the revenue that has already been generated, in order to benefit the Scottish sector, but also to grow that revenue.

I mentioned in my opening remarks the whole-family drama therapy programme that we are launching right now. The idea for the programme came because we could see a clear trajectory between families reaching crisis point and their need for some form of therapeutic intervention—sometimes from us and sometimes from another provider. If delivered at the point of crisis, it is a one-on-one therapy service; if delivered at the point of early intervention, it can be a whole-group family service.

Two things drive that for us. One is to not let families reach crisis point if we can avoid it—that feels like a clear objective. Also, the cost-benefit analysis is clear: we can work with more people at

the end of the spectrum before they reach crisis point. We are doing that with a bit of pilot cross-portfolio working.

In all our programmes, we are trying to embed the Warwick-Edinburgh mental wellbeing scale as an impact indicator. For those who are not familiar with that, it came from the University of Warwick trying to understand how wellbeing can be measured and how it shows up in a range of different public contexts. Our objective is to understand whether we can measure the effect of an intervention or activity—whether that is ticket buying or working with families—over a period of time on people’s wellbeing. That will help us to understand the effect of the forms of activity that we are delivering and, crucially, to get much more of that activity developed in a cost-effective way, with partnership income streams, and—in the case of our therapy services—at a point before people hit crisis. Then we could have a benefit analysis in terms of the fiscal agenda that Keith Brown touched on, and, in theory, we start to build a society that feels better about itself because we are working with people in a different and smarter way.

The Convener: I am conscious that we are talking a lot about areas that might not be familiar to people who are watching, so I want to clarify a couple of things before we move on.

When we talk about the percentage for the arts scheme, we are referring to the use of 1 per cent of the Scottish budget for the arts. That commitment was raised in the session 5 culture committee—the Culture, Tourism, Europe and External Relations Committee—and was mentioned in its legacy paper, but we have not done detailed work on that this session. The percentage for the arts has also been raised by Culture Counts in relation to sources other than the budget—for example, it has talked about a capital contribution that is based on major developments, such as house building, and that would be delivered in the local area.

We talked about the visitor levy, which is now available to councils to apply. The City of Edinburgh Council has been the first to do so and has applied it to hotels, B and Bs and other accommodation in the city. Edinburgh has laid out that a percentage of that revenue would go to culture, but not the full amount.

The ticket levy proposal, which is mainly from the Music Venue Trust, is a UK campaign. The levy would be on stadium tickets and other areas.

We are tight for time, but we have a couple of questions left.

George Adam (Paisley) (SNP): Good morning. I have been interested in everything that you have been saying, so the issue is where to start at this

stage. I will try not to go down a rabbit hole and instead stick to the basic ideas. This is similar to what Keith Brown said, but, having been in Government myself, I can assure you that, every Tuesday morning, there is discussion of the cross-portfolio work and the benefit of some of the stuff that you guys give to Government. However, things become quite difficult during challenging times.

I am reminded of a conversation that I had a few years ago with Sandy Stoddart, the Paisley sculptor. He told me that, during a challenging budget time, he had met a local councillor who had said to him, “Why would I buy one of your installations when we can spend public money on a kidney dialysis machine?” Sandy’s answer was very Sandy. He just went, “What is the point of living?”

I get that argument about the thought of life without colour, without music and without the thrill of the lights going down and the curtain coming up in the theatre. Yes, that is part of the argument, but, the reality is that the Government also has to deal with the challenges. We have heard a lot about the fact the Government should do more cross-portfolio working, but, as organisations, how do you feed in and tell Government about the benefit of what you do? Lyndsey Jackson spoke about this earlier. It is easy to talk about the Edinburgh festival fringe—I get it. In August, people come here from all over the world and the festival generates millions of pounds, but how do we make sure that Government is aware of that and your impact on the economy and everything else? Sometimes, I think that that gets lost in translation. We talk about it, but we need to get that across to people in Cabinet meetings or a local authority meetings.

For example, in a debate this week, I spoke about the Gaelic language and I said that the effect of the Royal National Mòd, which was held in Paisley last year, will potentially be to increase footfall and that it had brought in millions of pounds of new revenue. That was tangible—I can actually say that that money was there. What is the mechanism for getting that information into Government, and where does Creative Scotland come into that, as a conduit for that information between you and the Government?

Lyndsey Jackson: We have to start with the thing that we are good at, which is storytelling. In the case of the fringe, the numbers are so big that they are almost meaningless—the numbers seem intangible—but we can say, for example, that there are X thousand joiners who live in Edinburgh who are employed in this festival. On the creativity side, it is about being able to articulate what happens. For example, I know lots of people who have suffered from long Covid, or who have other

lung conditions as a result of accidents or disability, who are working actively through occupational health with a musician or an opera singer, because nobody knows how to breathe better than an opera singer. That is a tiny one-off example of what is happening in multitudes across the whole nation.

During the festival, we hosted a session with Edinburgh's artists to understand how they want to work in our proposed new building. It was really interesting that none of them had a single job title. No one said, "I am a writer" or "I am a musician"; they all had a portfolio of work, and they are all working in lots of different ways, whether that is in youth engagement or the health sector, for example. We need to draw out some of those case studies and stories, which are incredibly individual and human. I am thinking, for example, of the kid from Gracemount high, who gets to come to the fringe for the first time and take part in a walking tour and then go to George Square and eat mac and cheese, with truffles on it, which he has never even heard of before. Those sorts of human narratives are how you make the big numbers meaningful. What we do well as a sector is put those on the stage, but we need to put them in our reports.

Going back all the way to the start of the national lottery funding, the structure has been to value what we do in outputs and in a tangible way, but, in that, we have lost the ability to define value in creativity and what we are contributing to health and wellbeing. I am thinking of a young person who does not understand or know how to express who they are and who sits in a fringe show and sees a community of people. I know that it sounds very contrived, but it is true to say that you need to see it to be it. We hear that all the time from the young people whom we work with; they tell us, "I've never seen people who look like me do that on a stage before. It is just mind blowing."

10:15

You cannot put a value on that, but perhaps we need to start to telling those stories—and, indeed, telling them to you, so that you can bring them into those spaces and ensure that it is not just all about some economic impact assessment with a multiplier and a bottom line. It has to be about the stuff that changes lives, too, sometimes in very practical ways and sometimes in ways that cannot be measured in that moment but which transform a human being, who then goes on to do all of the wonderful things that they might do.

Therefore, I think that we need to tell more stories together. Instead of just putting the stories on the stages and inviting people in, we need to be invited to tell those stories in other places.

Liam Sinclair: I will pick up the baton on storytelling.

Last Friday, we held an event at the Rep to celebrate 30 years of our drama therapy service. As part of that, we were making a short documentary film, and because we had a bit of media engagement with it, we gathered a range of stories of people who had contributed to and benefited from the service. A number of service users kept saying that, without the drama therapy service at that point in their lives—and sometimes we are talking about 20 years ago—they were not sure that they would still have been here.

I think that we already understood that, but perhaps there was just something about hearing that so regularly at that particular moment that made us say to ourselves—and this comes back to George Adams's point—"We need to make it really clear that these creative interventions bring wellbeing, colour and meaning to life, and that is really, really important." Indeed, some of those interventions are quite literally taking people out of quite desperate circumstances and giving them the hope to continue. We need to share that more widely so that it can be understood.

Part of the issue for us—and, I know, for others in the sector—is that we need to get better at understanding the longitudinal impact of all of this. There are, in a way, stories that go across generations, and, in that respect, something that we are sort of piloting at the moment is the Warwick wellbeing indicator scale that I mentioned. I just wonder whether we can track people who are engaging regularly and what might shift with regard to how they feel about the world and their country. I am proud to be a citizen of Scotland for many reasons, but one of them is that we have a Government that says that it wants to lead with a wellbeing economy. To my mind, that is amazing, and I am suggesting that we track wellbeing and weave the storytelling through that so that we understand the impact that we are having.

Caroline Sewell: I agree with everything that colleagues have said. A well-used expression in the trade union movement is, "We need bread, but we need roses, too." That is so true. I think that we need to get better at not only finding those stories but finding the best place to tell them.

Just yesterday, I was at a meeting with the Music Education Partnership Group and heard a presentation on We Make Music Scotland's research into the impact of the abolition of tuition fees for music lessons in schools. I do not want to go into too much detail on that; all that I will say is that we knew that the move would be positive, but we were also able to see the positive impact that it was having not just on the behaviour of the students who had not taken part before but were

taking part now, but on their attendance at school, too. Music lessons had become an incentive for them to turn up at school that day. Other therapeutic and wellbeing benefits have arisen from the removal of those fiscal barriers to enable their participation in music. That is the impact that that is having at such an early stage in life.

Again, we talk about economic multipliers, but what about those kinds of multipliers? If they set up the youth of Scotland to become more successful, they will have an even greater positive impact and yield for the longevity of the nation and the population.

George Adam: There is also a practical thing that arises from my Sandy Stoddart example. The reality is that when you pay for a Sandy Stoddart installation, you know that it is going to take years, it is going to be massive and it is going to employ quite a lot of people. It is also going to train quite a lot of people, which brings us back to what Lyndsey Jackson was saying about the fringe. There is that tangible thing there, too.

I also wanted to ask about where the connectivity is. How do you get that story to Government, apart from in this kind of forum, so that civil servants and politicians know that that is the way forward? How does Creative Scotland, which must obviously get its budget from the Government as well, ensure that it is making that pitch for various things?

As a sidebar to that—this will be my last question—when we are talking about the disconnect between local authority funding and national funding, is it not Creative Scotland that is meant to be in that middle space? I am aware of some local projects in relation to which someone, locally, has managed to help local authorities and national Government get together and navigate through that issue. Is that not Creative Scotland's role, too?

It is more or less about the tangibles. How do we get that story through to Government and how do we connect it up with all the other stakeholders involved?

Lori Anderson: I would be interested to know, from your perspective, what it is that you need from us. What evidence do you need to help make the case or to support the artistic, creative people in your own communities?

George Adam: I am already sold on it. I am buying in.

Lori Anderson: Well, what can we give you for you to make the case to other colleagues that are not sold on it, or to help support those cross-portfolio arguments?

Culture Counts is the secretariat for the cross-party group on culture and communities, which

met last night. We had four artists there who spoke about their work and the impacts of it, particularly around healthcare, social work, mental health, and working with children. One of those artists is from a minority background and has broken down huge barriers to work as a writer and director in the screen sector. We were there to showcase what those artists do. Two MSPs were present, but the rest of the people were mainly from the creative and cultural sector, which means that we were in a room talking to ourselves.

One of the artists was Laura Aldridge, who is one of the lead artists who run Sculpture House Collective in Ferguslie Park. They have taken on a villa and made it an open space: their artist studios are operating there, but the community can come in. She said that one of the benefits is that the young people with whom they are working are free to turn up at any point. A young autistic person can knock on the door and spend an hour with Laura in her studio, working on her sculptures. Laura also does amazing work with Artlink Edinburgh, with whom she has been working for about 13 years. Although I tend to work on the macro level—the matter of what is happening across the sector—there are so many examples at local level.

We would love to know, however, what you need from us, because we all have stories and there are huge amounts of data. It is about how—

George Adam: I will tell you exactly what I need from you, Lori. I am buying into the idea. My constituency in Paisley is a post-industrial town. Culture is a major part of the regeneration of that town centre and will be part of the regeneration of town centres throughout Scotland: I want Paisley to be that pilot.

The Ferguslie Park idea is a perfect example of how culture makes a difference in communities. What I need from you, therefore, is to get a loudhailer and make sure that everybody knows and hears that. I will do all that I can on my side, but we really need to go into Government with a sharp elbow, especially in these challenging times. I am just trying to work out what the mechanisms are for you to do so.

Lyndsey Jackson: This feels very fringe, but I think that we must be in rooms where we have potentially not been invited. We must start telling those stories in health committees, planning committees, construction meetings and in meetings about any of those projects that are about regeneration, rebuilding and regrowth or new futures, which need artists in the space—no matter how disruptive and difficult they might be—to tell their own stories.

We, as a group of individuals, can commit to showing up where we can. We can break and

enter where we need to, but we need to be invited. We need to be in the list of all the things that people think about and that MSPs might need to consider. They think about projects' economic, social and financial impact, but they also need to ask about the cultural impact. Local authority reports ask about the equality, diversity and inclusion assessment, but where is the cultural assessment in the planning or licensing papers or in the other things that do not feel as if they are in any way related to culture?

We have said this multiple times: we must stop thinking about culture on its own, as a way to spend some money on nice artistic things, and start thinking about culture and creativity as a major driver of this economy at every single point. You must empower us as a sector to bring all our skills, knowledge and experience to the table from the very start and the return on that investment—although we do not even need investment, just space—will be enormous. Then, we need people such as Mr Adam opening the door and saying, “Come on in, guys, and tell us your stories.” It is as simple as being given the space, being invited into rooms and bringing artists with us to tell their stories.

The Convener: I am going to have to call things to a halt. I know that Mr Bibby had questions around fair work, so I suggest that the committee pursues those in writing—I think that he particularly wanted to speak to Caroline Sewel on the matter.

You have put a smile on my face, too, Caroline, because I was the convener of the committee that did the report and the inquiry into music tuition, so it was lovely to hear your comments—I just wanted to put that on the record.

We will suspend for a very short comfort break and to allow for a change of witnesses.

10:25

Meeting suspended.

10:29

On resuming—

The Convener: Welcome back. We now move to our second evidence session. We are joined by Iain Munro, who is the chief executive of Creative Scotland, and Alastair Evans, who is the director of strategy and planning at Creative Scotland. I wish a warm welcome to you both.

I will open with a question about the closure of the open fund for individuals. The cabinet secretary said:

“It is disappointing that Creative Scotland took the decision about the open fund before the Scottish

Government could complete due diligence to release funding, as is normal practice.”—[*Official Report*, 3 September 2024; c 5.]

What were the circumstances around the decision to close the open fund, and what engagement did you have with the Government at that time?

Iain Munro (Creative Scotland): Good morning, convener, and good morning to the committee. Thank you for inviting us to give evidence.

Closure of a fund is not something that we do lightly. It happens rarely and there is a lot involved in that, with a fund that is so significant. We were very concerned about the clear distress and upset that closing the open fund would cause.

Our plans for the budget, which included the £6.6 million from the Scottish Government, have been known to the Government since March this year. That was reflected in our annual plan, which we published in April. We were asked for more information and it was set out. We were also asked for more information in June and we gave that.

Over that period, we were increasingly expressing concerns about the fact that we were making decisions against the £3 million of national lottery funding that we had assigned to the open fund for individuals, which was clearly going to run out at a certain point, so if the other £3 million from the Scottish Government was not confirmed, we would have to make the unpalatable but necessary decision to close the fund. We could not continue to operate a fund without confidence that the budget would be there to support the decisions that we needed to make, and we were expressing that concern to the Scottish Government during that whole period.

As time moved on to August, we were in close liaison in order to share what the plans for closure would look like. In mid-August, there were the publicly reported statements from the Cabinet Secretary for Finance and Local Government about the funding controls that were being put in place for emergency funding only. In those circumstances, the Scottish Government was not able to confirm when or if the funding of £6.6 million would be released.

We knew that the £3 million from national lottery funding that we had available was going to run out, so the body of applications that we had in hand had a processing time attached to them. Working that through with a decision-making timescale of 12 weeks meant that we knew that the money was going to run out in the autumn, but we needed to stop receiving new applications by the end of August. That was the way the announcement had to happen. I am afraid that our hands were tied and I am very sorry about the

upset that was caused. It is regrettable that that happened, but we had no alternative.

The Convener: From what you have said, you were in constant contact with Government officials about when or whether clarity would be given on the funds.

Iain Munro: Yes. Throughout that whole period, we all had very public assurances about the £6.6 million, which is why it featured in our planning. As I said, the intentions for use of that £6.6 million had been set out in March and published in our annual plan, so it was very important to us to make sure that we had the funding pipeline.

In parallel with that was the youth music initiative funding of £1.8 million, which had not opened at that point, and we had to delay the opening of the access and strengthening funds because that funding was also the subject of Scottish Government consideration and, again, it was not able to confirm when or if that budget would be available.

I should also be clear that we have already sustained two budget cuts in the current financial year. Those were decisions that were taken by the Scottish Government on restricted funds. One is for place funding of £750,000 for Edinburgh's festivals, and the other is £1.5 million for the culture collective programme—a total of £2.25 million.

We are very grateful to the Scottish Government for releasing that funding—which is very important, given the pressures that everybody will be representing to the committee, and we do not at all underestimate the pressures on the public sector finances. I acknowledge the fact of that funding release, but it would have been helpful to have had more confidence sooner.

The Convener: I move to questions from the committee.

Keith Brown: My question is a quick one. In the constant communication between Creative Scotland and the Scottish Government over the period to 3 September—when it was confirmed that funding had been reinstated—were you making the Scottish Government aware that you might have to close the fund? Was the Government aware of that before it happened?

Iain Munro: Yes.

Keith Brown: How late on did you tell them?

Iain Munro: We had been talking about it for the whole period to August from the start of the financial year, but we increasingly ramped up the dialogue through August in particular, because we needed an understanding of the process that was being gone through and the timescale that we could expect for a decision one way or the other.

The issue also hit a practical reality in that we knew that the budget that was available from the national lottery as part of that funding would run out—which, ultimately, drove the decision. In the immediate run-up to the announcement of closure of the fund, we were sharing the plan and the public communications that we planned to make.

Keith Brown: Just remind me again, because I lose track. What has been the pattern of national lottery funding? Will you outline whether there has been a reduction in the past few years? Has that been part of the issue?

Iain Munro: In 2017, there was a marked drop in national lottery income. The Scottish Government stepped forward and addressed that to enable us to make a critical set of decisions at that time. That is the origin of the £6.6 million figure. Since then, the level of national lottery funding has been relatively stable, but we have always been able to rely on that £6.6 million from the Scottish Government being available to our budgets. However, that has never been consolidated. The national lottery income picture is stable, at present.

Alexander Stewart: Good morning. I will touch on the proposed review of Creative Scotland. As you have said when you have visited us in the past—and even today—you are having to manage a funding crisis in the sector. Others have given evidence, this morning and at other times, giving us an indication of where we are and what is taking place. What is your opinion of what that review will involve? Will it see progress in your organisation and the sector, or might it change the way in which your organisation works and progresses? Do you have a flavour of what the Government plans to look at and decide on for the future of Creative Scotland?

Iain Munro: There is very limited information; the Scottish Government will be able to provide more in due course. In the context of the prospect of £100 million funding, a review of how the sector is supported is to be welcomed. Of course, that includes a review of Creative Scotland—of our purpose as opposed to our performance—alongside whoever else is part of the publicly funded cultural landscape in Scotland.

In addition, the process, as I understand it, will enable people within the sector and other partners to contribute. It has been reported as a review of Creative Scotland, but it is part of a bigger process. Understandably, as we look to the future—with the prospect of £100 million of additional resources, and given the on-going pressures and challenges that have been well reported to, and discussed with, the committee—it is important to the Scottish Government to ensure that it gets maximum value and impact over the period.

We will need to see and understand what that will mean materially for Creative Scotland, but, as I said, we understand that we are part of something bigger, as opposed to there being a singular review of Creative Scotland.

Alexander Stewart: One word that has been used many times in relation to the sector is “confidence”. Today, I asked some of the previous witnesses whether they had confidence in Creative Scotland. It appears that they have, to a level, in the way that you manage your organisation and its processes. However, the issue is about the future and where we go with that.

You are very alive to the funding packages that you have. Extra funding has been given to youth music and other initiatives in some of the packages that have come forward for review. However, the sector itself is still in crisis and, although prediction is impossible, some elements in the sector still believe that there needs to be a root-and-branch change if organisations are to continue to thrive and survive. What are your feelings on that?

Iain Munro: We are working hard privately behind the scenes with a number of organisations that are in crisis and on cliff edges. That is not news. We have been saying for two years that that has been happening increasingly. Resilience in the sector—financial and human—is at rock bottom, essentially. We are doing all that we can within the available resources to be flexible with partners to support organisations to continue to survive, but we want to get them to a position in which they are able to thrive.

That reinforces the fact that money is at the heart of the equation—the importance of the £100 million, our revisions to our funding framework and the support that we want to be able to provide through the multiyear funding programme in particular, but not exclusively. At the moment, therefore, we are trying to corral all our resources with partners to enable people to survive. However, the unlocking of those resources will be transformational—in large part, through the multiyear programme that we are able to deliver. I might get questions on that, but we do not yet have clarity on the budgets. However, the importance of that programme is well understood, because it is about planning for confidence for the future.

Creative Scotland gets feedback all the time, and there is always a degree to which people are unhappy because we have tough choices to make about what we are able and unable to support, given that there is so much excellent demand for funding and that budgets are limited. However, when we are resourced well and appropriately, we know what to do and we do it well.

I will give you two examples. First, during Covid, on top of our core funding we negotiated with the Scottish Government an extra £151 million over the two-year pandemic period. That enabled us to run light-touch, quick and straightforward processes to get funding into the hands of artists and practitioners directly, and into the hands of organisations and businesses, to sustain them through that period. We were held up by the Scottish Government as one of very few exemplars.

My second example is Screen Scotland. The combination of political backing and prioritisation, with modest but increasing resourcing, and having the right people with the right skills and expertise—of which we have enormous amounts in Creative Scotland, as a whole—has helped to transform the fortunes of the screen sector in Scotland over the past five years.

Those are just two practical examples that demonstrate the importance of the resourcing that is at the heart of the equation, working with the other ingredients of people and political backing, in enabling us to transform the fortunes of the sector as a whole.

10:45

The Convener: You mentioned your supported organisations. I do not want you to name any of them or give away any confidences, but what size of organisations are you talking about? Are you talking about bigger organisations? Are you helping individuals who have had creative funding in the past?

Iain Munro: You are right—in this forum, I will not name those organisations. However, people will be concerned to know what they are. They are significant organisations in their own way in terms of what they represent in various communities and parts of the sector, and some of them are nationally and internationally significant. The reality is that the challenges have been eroding the business models of those organisations for some time.

I come back to the importance of unlocking the £100 million and, from our point of view, of channelling as much of it as possible through the multiyear programme. The benefit of that is not just that it will enable us to support with more confidence the organisations that are the recipients of the funding; it will also release pressures on other parts of our budget to do other things and give more support for artists, which is a core part of what we do.

This is also about the way in which we can use national lottery resources to support communities and public benefit directly. That money will be transformative in the impacts that it can have

directly—culturally, socially and economically—across the spectrum of our offer as a public body, but there are impacts in other policy areas. It is about not just culture—it is about health, education, tourism and so on. There is added value and a multiplier effect.

Neil Bibby: I agree that we need the Scottish Government to bring forward that resource in the budget to ensure that our creatives are supported, and I will continue to make that case.

I want to ask about your current resources and how you manage them. There has been a lot of discourse in the media about Creative Scotland's administration costs. Analysis of the published accounts from 2022-23 shows that the percentage of Creative Scotland's budget allocation that went on staffing costs rose to 12 per cent, which was up from 5 per cent or 7 per cent in previous years. Meanwhile, the percentage of budget that was allocated to grants in 2022-23 fell to 83 per cent, compared with 92 per cent in 2020-21 and 2021-22. I know that we have had Covid, uncertainty and cuts in budgets, and that we have had moves to multiyear funding and preparation for that.

Can you explain what was behind the increase in the proportion of the budget that is spent on administration and overhead costs? I appreciate that there may be a number of factors. Are there any on-going or planned efforts to reduce administrative and operational costs? Notwithstanding the point that we need to support the culture sector with funding, are there any areas in which Creative Scotland as an agency could be more efficient, given the resources that it currently has?

Iain Munro: I reassure the committee that, as a public body, we look carefully and hard at our operational overheads and aim to be as efficient as possible. I have a few points to explain the numbers that you have talked about.

As a public body, we are required to follow the public sector pay policy, which is attached to the pay increases that have been talked about. The staff of Creative Scotland are public servants and are part of the overall landscape of public sector pay policy, which we follow.

On the broader context, our overhead is 12 per cent of our overall turnover, which is favourable in comparison with equivalent bodies, even when we look internationally. Equivalents across the United Kingdom have similar-ish levels. In Scotland, we have a slightly lower figure than that for an equivalent body such as sportscotland. Creative New Zealand has a figure of 16 per cent, I think.

We work hard on our efficiency measures—I will come back to that point in a second—but it is important that the committee is aware that the way in which we pay for our operational overhead

already reflects efficiency for the Scottish financial purse, in that 60 per cent of our overhead comes from our Scottish Government income and 40 per cent is attributed to our national lottery income. If 100 per cent of our overhead was attached to our Government income, there would be less spending available for those areas.

We consider efficiencies as a matter of routine, and that is reinforced through the public sector reform agenda, to which all public bodies are subject. We delivered 3 per cent efficiencies last year, and we will do more of the same this year. We will continue to look at what more we can do to ensure that Creative Scotland is efficient and meets the requirements that are set for us, as a public body, through the overall public sector reform agenda.

Alastair Evans (Creative Scotland): That is all set in the context of unprecedented demand for our funds. Last year, we processed 4,000 applications for our funds, and demand for our open fund is up by 54 per cent on pre-Covid levels. We are maintaining that processing and, at the same time, are working hard to keep the costs that are associated with that down.

Patrick Harvie: Good morning. You have acknowledged that you do not yet have a great deal of information about what the review will consist of or the timescale for it. You have used the phrase “in due course”, which is the same one that the cabinet secretary used in his letter. We can only assume that that means that the Government has not decided yet, either. In the next few weeks, we will be looking at the budget for the coming financial year. I acknowledge that you cannot say what the outcome of the review or the process for it will be, but those decisions will have an impact on the ability of Creative Scotland and the wider sector to deliver in the short term on some of the issues that witnesses have raised with us.

I want to offer you the chance to reflect on what we have heard. I do not know whether you were listening to our earlier session, but you might be aware of some of the issues that came up last week, and similar themes have been discussed today. There is a tension between the scale of funding and the certainty of funding. There is a desire to avoid unexpected bumps in the road as a result of a lack of certainty in the middle of the financial year. There are issues relating to how public funding interacts with charitable funding and commercial funding and to whether revenue that is available nationally and locally, as well as in independent venues, can deliver a fair work agenda.

As well as the challenges, there are a great many opportunities. There are opportunities to invest in net zero, which could reduce venues'

operating costs, and there is the opportunity for the culture sector to tell that story, which is what we need, because there is interaction in that regard when societal change is coming.

Could you reflect on the opportunities that exist—under the current funding model or in the longer term, if changes are made—to respond in the coming financial year to the issues that witnesses have raised with us, given that we will be looking at the budget in a few weeks?

Iain Munro: As we have said, there is very little information about the review, but, from what we understand, Creative Scotland will inform its scope, which will be helpful. Although the plans and timelines are not yet understood, the review is not intended to disrupt our current plans for delivery, so we should remain focused on what we intend to do.

The other part of your question was about reflections. We always think not only about the here and now but with an eye to the future, and we absolutely understand the societal changes that we want to be on the front foot with. However, we are expected to deliver an increasing number of policy initiatives without an increase in resourcing, which is deeply challenging and only puts further pressure on our ability to respond.

I go back to the issues of what can be unlocked by the £100 million and of the decisions that we want to take as soon as possible about our multiyear programme. We have tried to translate all the policy areas into our strategic framework and then into our funding criteria.

Quality, ambition and excellence are, of course, at the heart of that, as are engagement with the public and with audiences. We have four distinct strategic priorities. One is about equalities, diversity and inclusion; one is about sustainability and sustainable development; one is about fair work; and one is about international activity. Translating those into our criteria and inviting people to respond in order to achieve the outcomes puts more pressure on our funding, which means that we give less support—on average, three quarters of the applications that we get are unsuccessful, which is not a happy equation for us, for applicants or for our ability to deliver.

If the £100 million, and the other resources that that money can unlock from the national lottery, can transform that, we will be more on the front foot and will be able to demonstrate how we are tackling those policy priorities, including sustainable development.

That is a slightly nuanced overview, but we are doing some targeted development work with more limited resources to enable us to tackle specific things that we know about through research or

through feedback from the sector and that we want to address to move things on. Transformation at scale will be possible only when resourcing is addressed.

George Adam: Good morning. Last night, when I was preparing for the meeting, I looked at your website and your strategic framework, which says that Creative Scotland supports

“the arts, screen and creative industries as a development organisation, a funder, an advocate, and as a public body that seeks to influence others to increase opportunity and maximise the impact our resources can offer.”

A lot of major players in your sector have given evidence in the past couple of weeks and, each time, I have asked the same question: I have asked how they influence others and how they engage with the Government on how their creativity can make a difference in Scotland. When I have asked that question, as I did earlier, not one of the representatives of those organisations has mentioned Creative Scotland as being part of that, so my question is: what is the point of Creative Scotland?

Iain Munro: Creative Scotland was set up by an act of Parliament in 2010, and it has six distinct functions, which were set out in that act. We are also part of a UK-wide set of distributors of national lottery funding.

George Adam: I read that in your framework.

Iain Munro: The combination of people and expertise and funding from Creative Scotland is part of a landscape of support that enables us to put that in the hands of people and organisations in the sector so that they can do what they do best, which is to deliver a thriving culture for the country.

In other parts of the world, there are alternative models that involve ministries. The genesis of a body such as Creative Scotland, which is unique internationally in having responsibility for the arts, screen and creative industries, goes back to the 1940s and 1950s, when it was recognised that the many such bodies around the world were part of a structure of support that acts as a translator between Government policy and enabling people on the ground to deliver a thriving culture sector.

11:00

George Adam: I get that, and I understand the history of Creative Scotland, but in the here and now, not one of the organisations that have given evidence to the committee—we heard earlier from representatives of the Musicians Union, Dundee Rep and Scottish Dance Theatre, the Edinburgh Festival Fringe Society and Culture Counts—sees you as being part of the solution with regard to what they are trying to do. They mentioned the

challenges and the difficulties that they have. You are an advocate for the arts, but they did not say that you were part of the solution, which concerns me.

Iain Munro: It would concern me, too, from that point of view, but the conversations that I have, the feedback that I get and the relationships that the organisation has all reinforce the importance of Creative Scotland and the need for a strong organisation to enable those in the sector to do their best work. I have a different perspective from the one that you appear to have been given. We regularly engage and work together with people, organisations and other stakeholders across the culture sector. For example, I chair frequent meetings with sector bodies—some of which have given evidence to the committee—sometimes in conversation with the Scottish Government. There is joint working, although it might not all be visible in the public sphere. I am disappointed that no one mentioned us in that light.

Imagine a world without Creative Scotland and what that would mean in practical terms. Tough decisions would have to be taken by the Scottish Government or those decisions would be directly in the hands of other people. Year after year and decade after decade, it has been proven that the Creative Scotland model is a necessary part of the equation.

I am not saying that we are complacent about our brief or—to tie it back to the earlier question about the review—about the need to constantly consider our purpose and be clear and confident in the way that we deliver it. We have a commitment to that. We were set up by statute, and we want to play, and do play, a very important role in the landscape of Scotland.

George Adam: Finally, on the positive side—I asked a question about this and, unfairly, the previous panel of witnesses did not mention it—I know that you can be a conduit between what is happening at local government level and what is happening at national level, and that you can ensure that various different streams of funding are available. For a bit of balance in our discussion, in the current budget landscape, how do you see that work continuing in the future? I know that you have regional reps in various areas who are working with local authorities to try to make things happen.

Iain Munro: I will say a few words before passing over to Alastair Evans. Creative Scotland staff are constantly active across the country. In fact, this week, a group of staff is in Stornoway running a Gaelic arts development event. Being active locally enables us to do a few things. We can absolutely stay connected with people in their communities on the ground and see, hear, feel and experience what is going on. We can also

connect with key partners in local areas. All that work helps to inform our on-going policy prioritisation and delivery mechanisms.

That is a really important aspect of our work. We are active in our support of all 32 local authority areas, and the people and organisations within them, in some way, shape or form. It is important to us that people feel the benefits of being connected with Creative Scotland, as well as being important from the point of view what it means to us materially in terms of what we are able to support.

I invite Alastair Evans to say a wee bit more, particularly about the relationship with local authorities, which is fundamental to the support that we provide across the country.

Alastair Evans: I, too, would be disappointed if the impression was that we do not work in tandem with sector organisations and, indeed, with the unions. We meet the unions regularly and we have a healthy relationship in terms of understanding how fair work, for example, can best work in the sector.

We do a lot of work on environmental sustainability. We are working right across the sector to look at the future net zero estate, and we are working with an advisory group from the sector on equality, diversity and inclusion. In all those areas, we are well connected and are working within positive networks.

The local authority picture is very challenging. Earlier in the week, we shared some research with the committee, which shows that funding for culture, as a non-statutory service, through local authorities is down—funding for culture and leisure services is down by 20 per cent, and funding for the culture element is down by closer to 30 per cent. It is really challenging.

One of the things that happens in that scenario is that we lose arts development officers at the local level. They are often the conduit between us and the smaller community groups and people working in communities as individuals. That is a concern to us. We will always look to understand what networks we can continue to engage with, but that makes our job in getting across 32 local authorities a lot harder.

We have a range of mechanisms. The committee will probably be aware of place partnerships, which are the partnership agreements that we have with local authorities and other local cultural bodies. We also work in a much more hands-on way locally, including to encourage applications to our funds. That is very active work, and it has always been a big part of what Creative Scotland has done to ensure that we are serving the whole of Scotland.

Keith Brown: The genesis of some of the issues that we have talked about was a decision by the national lottery. I am aware, as I am sure you are, of all the odium that Creative Scotland and the Scottish Government get, but I did not hear any fuss about the national lottery pulling its funding. I do not know whether there is any intention or campaign to try to get that funding reinstated; perhaps that is not possible.

I suppose that the committee's job is to find out where the fire is and get through some of the smoke, but I find it quite difficult. For example, we heard earlier that the cultural sector is one of the fastest-growing sectors, but it is also in decline. It is quite hard to reconcile those two things in my mind.

My question builds on what Patrick Harvie said earlier. Maybe you already do this and I am just unaware of it, but would it be possible for the review to look at an expanded role for Creative Scotland whereby it would procure additional funding, whether that is commercial or private funding, sponsorship money from ethical sources or additional revenue streams, as Patrick Harvie mentioned, as well as the money that you get from the Government? There is a fourth possibility, which involves local government. In that way, one body would be going out and looking for that additional funding. Given that we are being told that the public finances can only get worse, it is surely time to expand the range of approaches. I know that that goes on anyway, but would a more focused approach be possible if it was vested in Creative Scotland's remit?

Iain Munro: I have a few points to make in response to your questions and the seemingly irreconcilable point that the sector is both growing and in decline. What is being discussed there is the growth of the creative economy and the arts, which have a series of subsectors including the performing arts, the visual arts, crafts, literature, music and so on—those are some of the subsectors, but not all of them. They are a vital part of the creative economy as a whole. In the committee's work, you are hearing from those subsectors that are feeling the pressure and the pinch the most while sitting within a creative economy that is undoubtedly one of the fastest growing sectors not just in Scotland but in the whole of the UK.

You asked about how national lottery funding works, so I will explain that. It is set by a funding formula from which each of the 12 distributors, across communities, heritage, sports and the arts and screen, and across the nations, benefit. Whatever the income is, a fixed percentage translates to the individual distributors based on that formula. When the income fluctuates, that translates into a fluctuation in funding. If memory

serves, our percentage is 1.78 per cent for the arts and screen in the national lottery role that we have.

You are right that other funding is raised. We want to do an awful lot more to help to create the conditions for that and to have a framework for other financial models to be in greater play. There are a couple of points on that. It is clear in the work that we do all the time that the foundation stone, which is public sector funding, is part of the key to unlocking other opportunities through philanthropic giving and so on. Another dimension is that, as a national body, we do not want to disrespect the clear relationships that individual organisations already have with key sponsors or disrupt those relationships in a way that seems to compete with them, because that is ultimately detrimental.

Through our work on the creative economy and the creative industries, we have done a lot of work together with partners, be they social enterprises or other public bodies such as the enterprise bodies, to understand what models we might bring forward. However, we have been spending a lot of time and resource, human and financial, in trying to ensure that the core that we can offer through our current services is holding up. Once the £100 million starts to flow and we have the transformative benefits of that, we can then release our capacity, human and financial, to properly explore with others how we can get to a greater understanding of the opportunities for other and new resources coming into the equation.

Finally on that issue, we should not contain our ambition or understanding to just culture budgets, given the extent to which culture and creativity contribute to the broad spectrum of public policy. I have mentioned health, education, the environment, tourism and so on. There is money in the system of public sector support that we can move to a different model if we get better cross-portfolio working in place that creates the foundations to unlock resources beyond that in those other policy areas. It is not just culture that we are talking about.

Neil Bibby: Clearly, Creative Scotland is our country's national arts agency. One of the key points of the establishment of an arts council post the second world war was to ensure that the arts and culture sector was accessible to the masses across the country. Protecting our cultural assets is vital and good for society, and that must be maintained.

We have talked a lot about the public policy crossover and the sector's economic potential. Notwithstanding the need to protect our cultural assets and ensure that people across the country have access to the arts and culture, should the review and the way in which we look at the issue

include economic development and some of the functions that Scottish Enterprise has around the creative industries? Should the review consider how those functions could be streamlined or co-ordinated better, potentially through Creative Scotland having those assets?

To go back to my previous points about overheads and administrative costs, you share many objectives with not just Scottish Enterprise but VisitScotland and EventScotland. Does the review need to consider duplication of functions and how some could be streamlined and brought together to save money?

11:15

Iain Munro: In the context of not having any information, I have already said that we welcome the opportunity to have a conversation with others about how we can ensure together that we channel the maximum value out of whatever public resource is available.

On the specifics of our functions, under the act that set up Creative Scotland, there is a co-ordination role in relation to the creative industries, which is to work with and through other public bodies such as the enterprise bodies to help to create the conditions for the creative economy to grow. From our point of view, without trying to skin any of our friends in the enterprise bodies, that has limited the opportunity, as I see it, from your question. If we had a more empowered role that was clearly mandated and resourced, it would shift the equation so that we could intervene more directly in ways that would enable us to continue to work with our key stakeholder partner organisations, but in a different way, to unlock the greater potential. In saying that, I do not seek to steal anybody's territory, but it is worth having a conversation to take stock of how Creative Scotland can be empowered even more in relation to the delivery of other objectives.

When we look at the programme for government, it is interesting to see that the £100 million and the announcement of the review of support for the sector is in the section—section 2—on growing the economy. I have talked before about the cultural and social benefits, but the economic benefits that are part of what the sector is able to deliver should certainly be nurtured and encouraged through the best structures that are possible and the maximum use of the available resource.

Alexander Stewart: If the Scottish Government does not unlock enough of the £100 million to ensure that organisations and individuals who apply to you receive funding, you will turn down more and more applications and you will close down more organisations or be unable to support

groups and activities across the piece. Within the review, Creative Scotland will become the organisation that is not helping the cultural sector to expand and progress. Could that be the decline of Creative Scotland?

Iain Munro: That is what I have been speaking about in front of this committee and your predecessor committee for two or three years. My concern is about seeing that coming down the track. In our submission to the committee for your pre-budget scrutiny, we wrote about the risk of managed decline. Were current circumstances to continue, we would see the cold winds of a cultural recession blow through, which would compromise and undermine the ability to move forward confidently in the way that we all have an ambition to do and, through the £100 million, can see the opportunity for. That is why it is so fundamental, because, without it, there is potential decline of the sector and all the value that it delivers. The flipside of that is that we would still channel whatever resources there were to best effect.

There is a really positive case for investment. I acknowledge the pressures on public finances and I see other policy areas acutely feeling those extreme pressures while we have the prospect of £100 million flowing through. I am very attuned to that broader landscape. However, there is a positive case for investment of relatively modest sums of money in real terms that would be absolutely transformational—I use that term again—and ensure that we were not at risk of managed decline.

However, as long as the pressures and the challenges continue to be spoken about and we do not see enough of the £100 million flowing materially, that will overshadow all the great work that continues to be done. We have just had a bumper Edinburgh festivals summer period, in addition to other activity around the country. That is happening despite the challenges, but that is not sustainable. The fact that it is happening reinforces my optimism about the prospect of the £100 million genuinely being able to turn things round. We are on the cusp of that.

The Convener: There has been a lot of discussion about a wellbeing society and the role that culture will play in that—that has been a recurring theme in the committee's work, certainly in this session—but also about getting people in the right rooms to have those discussions. Given that it is such an important principle, has much progress been made, as far as you can see, in embedding wellbeing in the other portfolio areas?

Iain Munro: I think that progress has been limited at the highest strategic level. I know that genuine conversations take place across the Cabinet table, and excellent work is being done at operational delivery level in a range of cross-

portfolio areas such as health and education, but we are interested in the scalability of that at a national level. The wellbeing work is very locally rooted and it is deeply meaningful at that level, but we do not yet have sufficient sight of a turning of the tanker in the canal that will get us to a better place in relation to a wellbeing-led economy and enable very strategic interventions to be made that will make a difference with regard to a preventative spend agenda.

We absolutely have ambition for all of that. As I said earlier, our focus has been on trying to do our best to support the sector to survive at the moment, but we want to have the ability to address all the committee's questions about the future. The £100 million is important in that respect as it will enable us to properly get on to those agendas and to engage more effectively with other cross-portfolio areas.

The Convener: I was just coming to that. Are there rooms that you would like to be in that you are not in? Should you be speaking to health boards, local councils and the Convention of Scottish Local Authorities? What are the barriers to embedding more of that work?

Iain Munro: It is always necessary to have a willing partner to get the most productive outcome. I am not saying that people are unwilling, but when we are in an environment in the public sector in which we are all feeling the pressures, people tend to go in on themselves in order to deliver as best they can, given the pressures that they are feeling. The conditions are less conducive to our taking on a more expansive collaborative agenda that is embraced by everyone. However, I would like us to get there.

As I said, we have been very focused on what we are able to do to keep delivering at the coalface but, ultimately, we have the ambition of getting into those other rooms. We are very active in local government, but we want to get more involved in health. We have good relationships in education, but we want to do better in health. That is one of the big opportunities that we want to pursue in the next phase of the life and work of Creative Scotland and the sector.

Alastair Evans: Excellent work is being done, especially in arts and mental health, which we have been prioritising. It is noteworthy that we are doing that work in partnership with the Baring Foundation, so it is bringing money into the sector in the way that we have talked about this morning. That is really helpful, and I am sure that learning can be taken from that for work at the system level to embed the arts and culture in the health and wellbeing agenda.

The Convener: We have exhausted our questions, so I thank our witnesses very much for attending. Our next evidence session as part of our pre-budget scrutiny will be on 3 October, when the cabinet secretary will appear before the committee.

Meeting closed at 11:24.

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