

CONSTITUTION, EUROPE, EXTERNAL AFFAIRS AND CULTURE COMMITTEE

27th Meeting, 2023, Session 6

5 October 2023

Pre-Budget Scrutiny 2024-25: Funding for Culture

1. The Committee agreed to take a cumulative approach to budget scrutiny over Session 6, focusing on the culture spending portfolio. This inquiry follows on from the Committee's previous pre-budget scrutiny for [2022-23](#) and [2023-24](#).
2. The [call for views](#) was issued on 25 June 2023 and closed on 18 August 2023. It received 67 submissions which are available to view [online](#) and have been [summarised](#) by the Scottish Parliament Information Centre (SPICe).
3. The Committee has taken evidence from stakeholders in the culture sector at its meetings on 21 September and 28 September. This is the final evidence session of the Committee's inquiry.
4. At this meeting, the Committee will take evidence from—
 - Angus Robertson MSP, Cabinet Secretary for the Constitution, External Affairs and Culture; and
 - Penelope Cooper, Director for Culture and Major Events, Scottish Government.
5. A SPICe briefing is attached at **Annexe A**.

**CEEAC Committee Clerks
October 2023**

SPICe

The Information Centre
An t-Ionad Fiosrachaidh

Constitution, Europe, External Affairs and Culture Committee

5 October 2023

Pre-budget scrutiny 2024-25

Introduction

As with previous years, the Committee has focused its work on the budget on culture and the historic environment. This follows on from the work the Committee has undertaken on previous budgets and the [resource spending review](#) published on 31 May 2022.

During this year's pre-budget scrutiny, the Committee has held two round table sessions with a range of stakeholders in September. In addition, the [Committee's Call for Views](#) for the current pre-budget scrutiny was open over the summer and was summarised in a separate paper provided to members in advance of the meeting on 21 September.

The themes the Committee has explored in the past two weeks have been similar to the work of the Committee on funding of culture since the start of the session. In some ways the pressures have changed – recovery from the pandemic was more pressing in 2021 and high inflation has been a significant issue in the past 18 months or so.

Some of the themes over this session have been—

- Sufficiency of funding
- Multi-year certainty
- Aligning funding with strategic goals
- Taking an outcomes-based approach and funding culture through a number of portfolios

There has been consistency of some of the recommendations in the Committee's reports this session and of the Government responses on these topics. This paper

highlights this and draws together some of the evidence the Committee has received and heard in this inquiry.

Sufficiency of funding

A key theme for many who have responded to the Committee's work this year and previously has been the sufficiency of funding. The Committee heard last year that the culture sector was facing a "Perfect Storm" of long-term budget pressures, reduced income generation, and increased operating costs. The Committee sought views specifically on how this has evolved over the last 12 months.

The submissions the committee received painted a picture of a sector facing difficulties. Historic Environment Scotland said that the key challenges in its sector "include funding and financial resilience, the rising costs of staffing, energy, goods, and services, the costs of repair, maintenance, and retrofitting, and skills and labour shortages."

The challenges facing the sector are recognised by the Government. The Cabinet Secretary said in a letter to the Committee [dated 9 March 2023](#)—

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

Scottish Government budgets

Scottish Government budgets on culture and heritage are set within a wider financial context. The Medium-Term Financial Strategy set out the Fiscal outlook. It said—

"The financial situation facing the Scottish Government is expected to remain [...] challenging over the medium-term. Overall resource funding is expected to grow by 6.8% in real terms from £45.26 billion in 2023-24 to £50.971 billion by 2027-28. This is due to increases in the Block Grant and significant growth in the forecast net tax position. However, increases vary significantly between years. Pressures on funding are expected to be most severe in 2024-25 when resource funding is forecast to grow by only 1.2% in real terms. The medium-term funding outlook is also subject to considerable volatility, with the two main components of funding – the Block Grant and Income Tax net position – being uncertain.

"The funding outlook cannot be considered in isolation. High inflation experienced in 2023-24 is expected to have a long lasting impact on public spending in Scotland, yet funding has not kept pace with this. We have used our devolved powers and chosen to support public sector workers through increased pay awards, invest in health and social care, and ensure those who need it most are supported via our social security system. We have made these decisions in response to an economic environment which is affecting people across the UK, but have not seen the UK Government similarly adapt its approach to public finances. As a result, public spending in Scotland is

currently projected to grow at a faster rate than our central forecasts of funding. Our modelling indicates that our resource spending requirements could exceed our central funding projections by 2% (£1 billion) in 2024-25 rising to 4% (£1.9 billion) in 2027-28.”

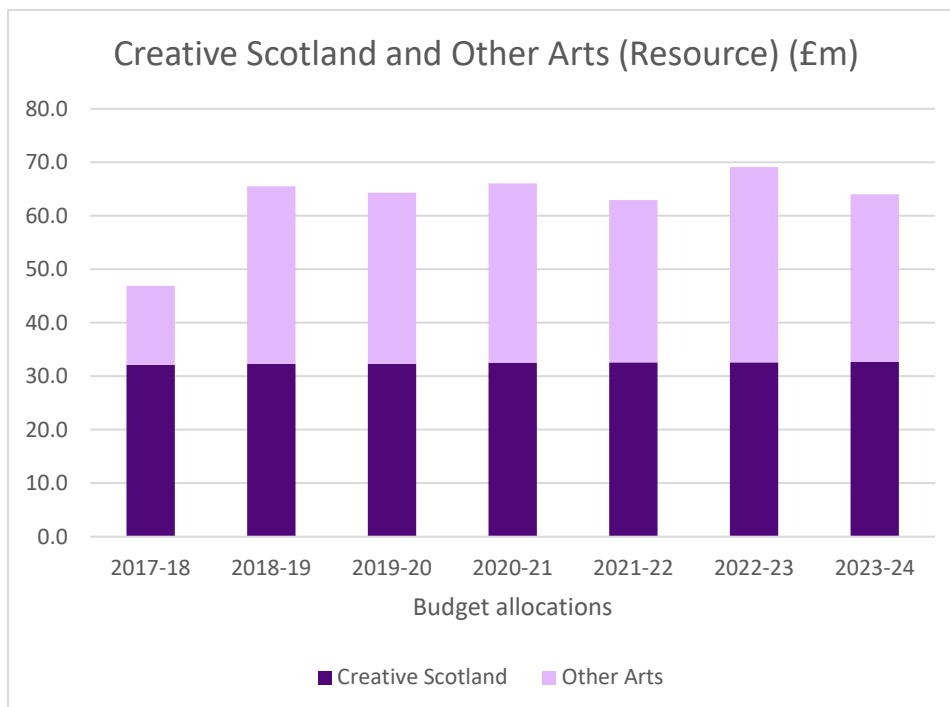
The Finance and Public Administration Committee provides subject committees guidance on the budget process; this draws on the [Budget Process Review Group](#). This year stated—

“The process takes a strategic year-round approach to budget scrutiny, allowing parliamentary committees to build up an evidence base over time on the impact of spending in their portfolio areas. ... Crucially, this process enables committees to have real influence on the spending proposals in the Scottish Budget, with committees reporting their views on what it should contain (including priorities and reprioritisation), as it’s being developed by the Scottish Government, rather than once it’s been published. “

SPICe [published a blog looking at trends in public expenditure on culture](#). The next subsections are based on that data and any discussion on these budgets the during the current inquiry. Real terms here are calculated using HMT GDP deflators (June update).

Creative Scotland and Other Arts

The chart below shows the Creative Scotland line, which covers its operational costs and various grants schemes, and Other Arts. Other Arts is mainly for ring-fenced funding distributed through Creative Scotland, but also includes direct funding to organisations such as V&A Dundee that does not go through Creative Scotland. The large jump between 2017-18 and 2018-19 in Other Arts was largely due to increased funding for Screen Scotland and additional funding to mitigate reduced lottery income. Since 2018-19 the funding for these two lines combined have reduced by around 17% in real terms.



The data above is based on the published budgets. During the final passage of the Budget Bill for 2023-24 earlier this year, the then Deputy First Minister announced that a planned reduction of £6.6 million in the funding of Creative Scotland would be reversed, leaving Creative Scotland with the same Scottish Government funding in 2023-24 as it had received in 2022-23. This was to be transferred in-year but at the time it was not clear at the time where this money might come from. A supplementary submission from Creative Scotland last week said—

“We are extremely disappointed to report that the £6.6m budget has not been included in the Autumn Budget Revisions, and the cut is being reinstated. ...

“To address the cut, the Creative Scotland Board has agreed today, 27 September, to use £6.6m of our National Lottery reserves to prevent us having to pass on the cut to the Regularly Funded Organisations, especially given the next RFO payments are due in 2 weeks’ time. This step of using our National Lottery reserves in this way will only happen once. The budget for 2024/25 will not be decided by the Scottish Government for some months yet but should the Scottish Government choose to sustain any cuts, we will require to pass them on to the sector.”

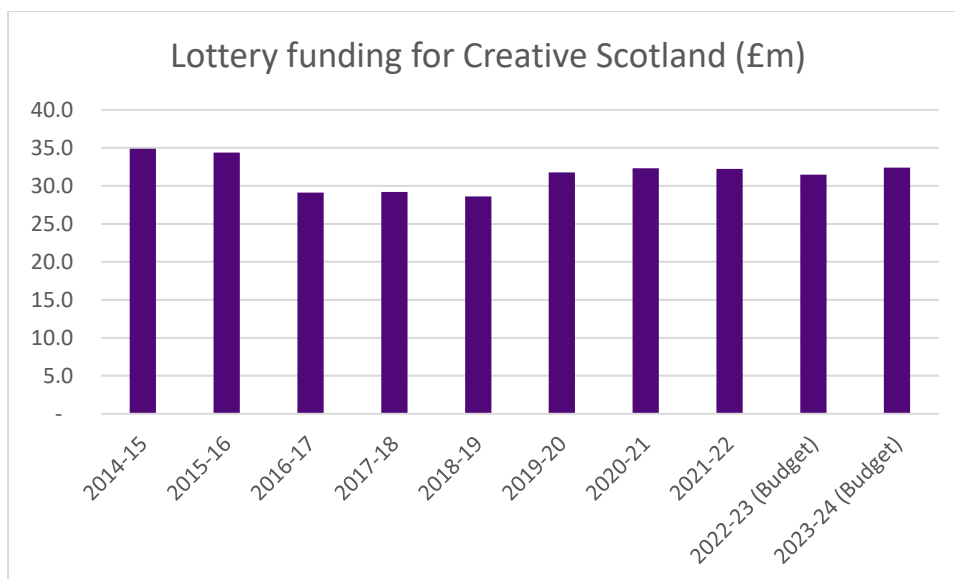
As noted above, in the 2018-19 budget ‘Other arts’ was increased substantially, in part, “to enable Creative Scotland to maintain its support for the Regular Funded programme in the light of significantly decreasing lottery income.”¹ At the time when this £6.6m reduction was first set out in the 2023-24 budget, SPICe sought clarification from the Scottish Government. Officials told SPICe—

“The lottery shortfall funding provided an additional £6.6m to Creative Scotland from the Other Arts budget each year for the past 5 years, in

¹ Level 4 spreadsheet for the 2018-19 budget.

response to declining lottery income. The original commitment was for 3 years, so the commitment has been exceeded. We have provided Creative Scotland with over £33 million over 5 years to compensate for generally reduced lottery funding.”

The chart below shows the Lottery funding to Creative Scotland since 2014-15, and this shows that in cast terms, there was a drop in lottery income in 2016-17 and this did not increase again until 2019-20, and has never returned to the levels of funding in 2014-15. In cash terms, the expected lottery income this financial year² is over £2m less than in 2014-15, but around £3.8m more than in 2018-19. In real terms the expected lottery income this year is around 4% lower than in 2018-19.

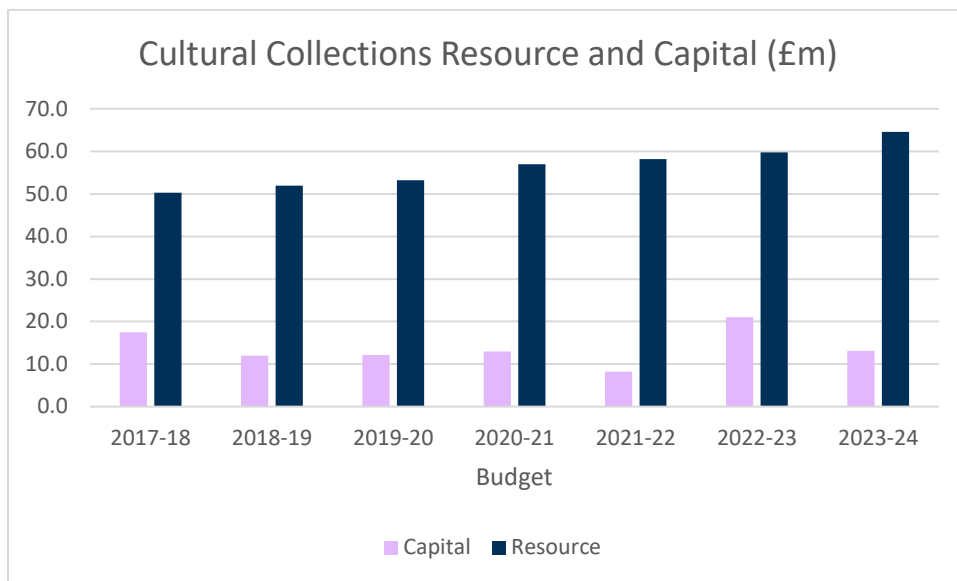


Creative Scotland also noted that £2m had been reduced in-year from Screen Scotland’s Budget in 2022-23. Isabel Davis, Executive Director of Screen at Creative Scotland told the Committee last week that there is £2m of its budget that is “unresolved” in the current year.

Cultural Collections

The chart below shows the funding on the Cultural Collections. This includes the three national collections: National Museums of Scotland; National Galleries of Scotland; National Library of Scotland. Cultural Collections also includes funding for “non-national” museums and libraries. There are both resource and capital lines in this spending area. Capital spend can be on buildings or new items for the collections – capital spending can be quite volatile as it can be affected by large projects. Resource is funding for day to day spend. The resource funding has an upwards trend, in cash terms and therefore also real terms (6.6% increase). The staff for the National Collections sit within the Scottish Government’s pay policy and the Government has provided additional funds to meet annual pay awards.

² Not including “project income” or “other income” which are estimated to be £300,000 each in the current year.



The Committee's received submissions from both National Galleries of Scotland and the National Museums Scotland said that there is uncertainty in funding the pay deal this year. David Avery from Prospect told the Committee on [21 September](#)—

“National Museums Scotland has not had the money for the April 2023 pay round released to it yet. That continues to be the case in September and we are having more discussions with the Government about that today.” (Col 4)

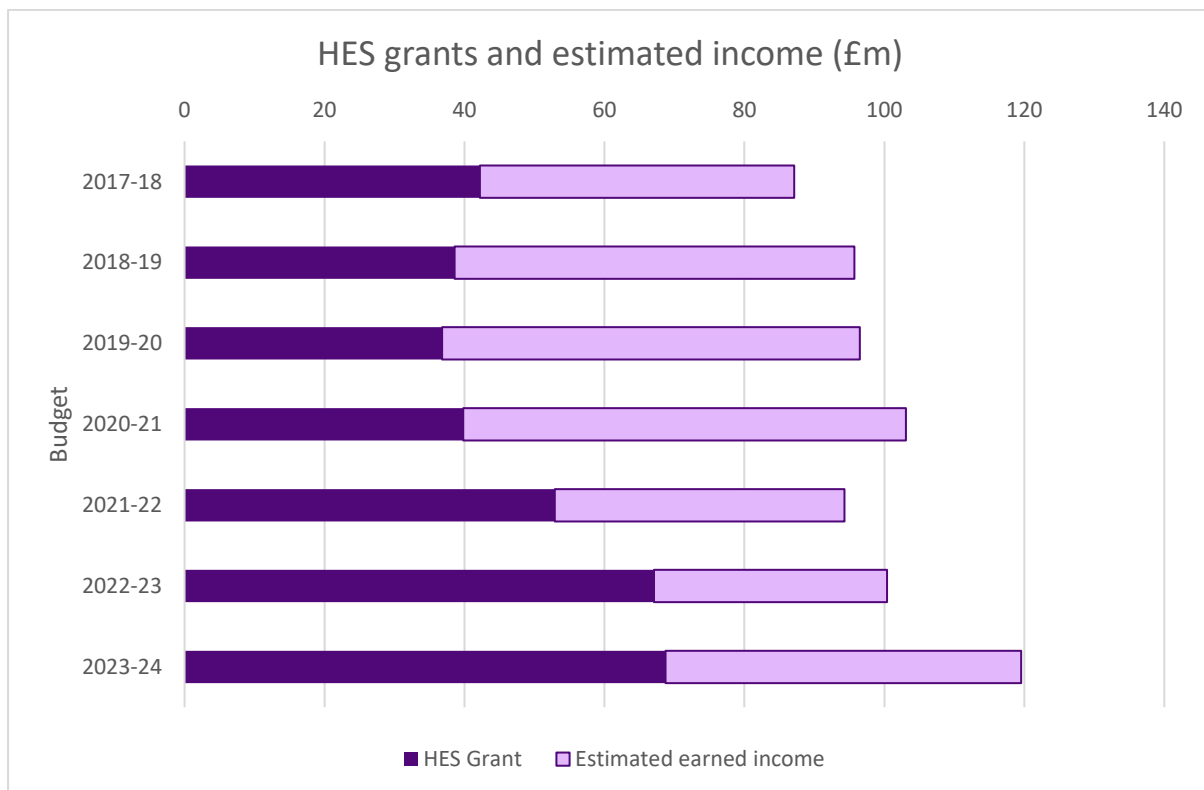
National Performing Companies

The National Performing Companies are: National Theatre of Scotland; Royal Scottish National Orchestra; Scottish Ballet; Scottish Chamber Orchestra; and Scottish Opera. Funding in this area also provides for the international touring fund.

Since 2017-18, the annual resource budget for this has been £22.9m. This represents around a 16.7% cut in real terms.

Historic Environment Scotland

The chart below shows growth in the running costs of HES up to the budget prepared for 2020-21 (noting that the outturn in 2020-21 would have been quite different to the budget for 2020-2021). Up to this point, this was mainly funded through increased commercial income. Government support was increased substantially after the pandemic.



The submission from HES stated that the “key challenges facing the historic environment currently include funding and financial resilience, the rising costs of staffing, energy, goods, and services, the costs of repair, maintenance, and retrofitting, and skills and labour shortages”, It continued—

“Scottish Government can help us to meet these challenges and realise the mission and priorities of the new historic environment strategy by:

- Providing appropriate levels of funding
- Supporting a multi-year funding model for the sector
- Promoting the integration of the historic environment in key government policy initiatives across the national performance framework as part of a holistic national response to national priorities
- Recognising and promoting the ongoing need for capital maintenance of traditionally built stock across all sectors over the coming decades that is likely to expand rather than shrink
- Increasing funding aimed at repair and retrofit of historic buildings and corresponding investment in skills pipeline to enable delivery
- Supporting innovation, including opportunities for reform such as financial incentives and freedoms and revenue raising, and helping the sector to support itself better by enabling partnering, including dedicated practical support that provides expertise to smaller organisations.”

Private funding

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

Witnesses last week said that private donors are not necessarily interested in being a funder of last resort, but they are interested in partnership funding. Julia Amour from Festivals Edinburgh said that there had been a shift from income from corporate donors to income from individual donors.

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

Last week, David Watt from Culture and Business Scotland said that there is a demand in private business to engage with the culture sector and vice versa, but both sides faced challenges in how to engage with each other.

Reduced output

A theme of the responses in the call for views was that organisations are reporting that they are reducing the work that they undertake due to budget pressures.

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

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

On [21 September](#), Pamela Tulloch from SLIC said that there had been a decline in the fund to purchase new stock for libraries. David Avery from Prospect said—

“Pretty much everyone now faces a choice between reducing staffing levels, reducing opening hours, closing properties and making other divestments. There is very little choice for organisations; they have to choose one of those things.” (Cols 9-10)

Creative responses

While budgets have remained very tight, the Committee has been told of a number of creative responses organisations have taken to mitigating this.

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

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

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

Kara Christine from Artlink told the Committee on [21 September](#) that her organisation is seeking to “respond in a much more local and smarter way”. This included, “trying to reduce uncertainty by developing high-quality work, which involves partnership working and identifying new resources, different ways of thinking and ways of collaborating with our public partners and third sector organisations.” (cols 2-3)

Isabel Davis from Screen Scotland highlighted the collaborative and helpful approach of the EIF and Festivals Edinburgh in providing a home for the Edinburgh International Film Festival this year.

The Museums Association said that some of its members that currently are free to enter are considering introducing admission charges.

Other funding streams

Last week Lori Anderson from Culture Counts referred to the SNP manifesto commitment to “establish a ‘Percentage for the Arts’ scheme which will create a

requirement for a percentage of the overall cost of a construction project for new public buildings, places or spaces to be spent on community art commissions.”

In the [Cabinet Secretary's response](#) to the Committee's report on Budget Scrutiny 2023-24, dated December 2022, he commented on ongoing Scottish Government work on other potential funding schemes. This included introducing a 'percentage for the arts' scheme and a transient visitor levy scheme – both themes that have been noted several times by the Committee this session. The [Visitor Levy \(Scotland\) Bill](#) has since been introduced in May 2023. The Cabinet Secretary's response stated that scoping for the percentage for the arts scheme was at an early stage and that he expected to be able to share more information on this work in the coming months.

A number of submissions touched on the wider tax landscape. The Fruitmarket Gallery asked that the Scottish Government advocate for an expansion of the Museums and Galleries Tax Relief at a UK level. The RSNO said that the continuation of Orchestra Tax Relief at 50% production costs is vital and if “rates return to 35% in 25:26 and then 25% in 26:27 as planned, this will have a significant impact on the RSNO”. The Music Venue Trust called for business rates relief for grass roots music venues. This point was reiterated to the Committee by Lori Anderson of Culture Counts last week.

Multi-year funding

In the work of the Committee on funding for the culture sector the Committee has highlighted the need for improved funding models. This includes moving towards more multi-year funding.

In the [Cabinet Secretary's response to the Committee's 2022-23 pre-budget report](#), received in December 2021, the Cabinet Secretary said that “3-year funding settlements for the organisations in receipt of regular Government funding” is “an important Government commitment.” He said that Resource Spending Review, which had just been published, “will provide the culture sector and others with greater certainty for future planning.” However, the RSR provided detail at only level 2 of the budget – which is above the detail of the funding for most of the organisations funded directly by the Scottish Government under the Cabinet Secretary's portfolio.

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

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

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

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

The aim to provide multi-year certainty for all directly funded organisations has not yet been realised. Creative Scotland's budgets this year have been reduced in-year. National Museums Scotland's submission said—

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

Francesca Hegyi from the EIF said that uncertainty of funding year to year “pushes the risk” on organisations which have longer planning lead in times. She said that this means there are questions around whether the organisation can be considered to be a going concern. Chris Breward from National Museums Scotland said that a situation where national organisations' boards are “unconfident to sign off annual accounts” is “extraordinary”. This, Ms Hegyi said, suggests that the system is broken.

The Committee has heard about the time and resource that organisations must spend to apply for grants on an annual basis and then develop short term plans based on the funding available. During its work on its inquiry into community-based culture, the Committee was concerned about difficulty for organisations to secure the core funding of their organisations.

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

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

Creative Scotland funding

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

“On 17 August, we announced the fact that just over 500 cultural organisations have registered their intention to apply for Multi-Year Funding, with Stage One opening for application on 6 September. The indicative annual value of those applications is in excess of £113m. This is roughly three times

the amount that Creative Scotland has available to support organisations on a multi-year basis, unless the budgets available to us increase.

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

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

And later Creative Scotland said—

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

Creative Scotland’s initial submission said that it was carrying a reserve of around £17m. This has been earmarked to “support organisations who are currently in receipt of year-on-year funding from Creative Scotland, but who are unsuccessful in their application to the new Multi-Year Fund”. As noted above, £6.6m of this reserve will now be used to replace grant in aid funding from the Scottish Government in the current financial year.

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

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

Iain Munro told the Committee last week that the deadline for its multi-year funding is in October and at that stage the demand for this type of funding will be clearer. Mr Munro also stated that there has been an increase in the demand for grants on the Open fund has increased by around 50% in terms of applications, and that the funding demand has doubled.

Aligning funding with strategic goals

A theme of the work the Committee has undertaken this year and on previous budgets is whether the ambitions and strategic goals match the available resource.

In [a letter to the Government in February](#), the Committee commented on the planned refreshed culture strategy action plan (see below) and called for this process to

address “both the current circumstances and achieving longer term goals.” The letter continued—

“What the Committee wishes to see in that refresh, as well as in a more immediate response to the evidence [around funding pressures facing the sector], is a clear and strategic sense of how the Scottish Government is working to ensure a more sustainable future for the sector.”

Francesca Hegyi from the Edinburgh International Festival told the Committee that the reality of budget setting did not match with the aspirations of the strategy. She said that this has led to gaps in credibility and confidence. Later she said that the current strategy should be put to one side and work should be undertaken to have a clear ambition for the sector.

On [21 September](#) Liam Sinclair from the FST said that the (then) proposed cut to Creative Scotland’s budgets last year caused an “erosion of trust” among the FST’s members and created uncertainty over the “vision under which we are all operating for the delivery of cultural services in Scotland”. Later he said “we are at a point at which we need to make a choice about what we want our culture sector to look like in the next decade.” (Cols 6 -8) Duncan Dornan from Vocal told the Committee that managing declining budgets is taking up resource and preventing strategic thinking; he said—

“We are in a rapid process of decline, which is soaking up all of the capacity. If we could stabilise that, it would make a huge difference to how we could meet the Government’s agenda.” (Col 23)

Iain Munro told the Committee that it is important for Creative Scotland to understand what the end point for funding landscape will be to allow Creative Scotland to plan ahead.

A refreshed action plan

The Scottish Government has said that it is working on a refreshed action plan for the current Culture Strategy. This work appears to have been delayed.

The refreshed Action Plan was announced in 2022. In May 2022, in answer to [PQ S6W-08257](#), Mr Robertson said—

“We are working with the sector to develop an updated and refreshed Action Plan under the auspices of our existing Culture Strategy, setting out the workstreams we are taking forward to support recovery and renewal. In doing so, we are currently considering the recommendations put forward by the National Partnership for Culture and the Creative Industries Leadership Group, which we received in spring 2022, and which relate directly to the recovery and renewal agenda. ... long with our ongoing sector engagement work, this will feed into our Culture Strategy Action Plan refresh, which we expect to publish in the summer.”

[A Culture Strategy for Scotland was](#) published by the Scottish Government in February 2020, within the strategy was a mechanism for supporting delivery: the

establishment of the [National Partnership for Culture](#). The NPC's role was to provide advice to Ministers on implementing the strategy. The NPC published a [report and recommendations](#) in March 2022, and the Scottish Government published their [response to the recommendations](#) in September 2022.

The NPC's recommendations were welcomed by the Scottish Government, whose response stated that they would assist in developing a 'refreshed' Culture Strategy Action Plan. A number of commitments were made in the Scottish Government response, including:

- to begin scoping of the new youth arts strategy over the next year
- to take forward a review of the expressive arts curricular area beginning at the beginning of the 2022/23 Academic Year.
- the development of a refreshed Culture Strategy Action Plan
- to continue to work jointly across the Health and Culture portfolios to ensure culture is represented in social prescribing discussions, and is considered and featured in social prescribing initiatives where appropriate
- to fully consider any actions required by the forthcoming Creative Scotland review of Fair Work in the culture sector
- to take forward work with Creative Scotland on implementing Fair Work First amongst the organisations that they fund.

The Cabinet Secretary's letter to the Committee in response to last year's pre-budget report stated that the Government is undertaking "Resilience Roundtables" with stakeholders to inform the refreshed action plan. The letter, dated 20 December 2022, stated—

"It is important we allow sufficient time to complete the roundtables, to ensure the fullest possible representation of views. Additionally, the publication of the Culture Strategy Action Plan refresh should not pre-empt the outcomes of these discussions. On that basis, I have taken the decision to reschedule the publication of the refreshed Action Plan until spring 2023, after the conclusion of the Resilience Roundtables. It will take these valuable conversations into account, and set out the actions the Scottish Government will take in response to current and ongoing issues, as well as how we will deliver on the long-term ambitions and vision of the Culture Strategy. This later publication date also allows us to fully set out our response to the 2023-24 budget settlement."

The submissions the Committee has received during this inquiry have made a number of suggestions for how the new action plan should be shaped. These included—

- greater clarity on what is meant by the word culture and better understanding of what this means across "all Scottish Government Directorates" (COSLA)

- greater emphasis on the museums sector within the strategy (Industrial Museums Scotland)
- a focus on skills development and supporting cultural organisations to become more entrepreneurial (Culture & Business Scotland)

Ensuring that the ambitions were funded and that the sector was in a position to deliver on the strategy was also raised in submissions. VOCAL's submission said that "there is a genuine concern that by the time the action plan is published/implemented, the culture sector will be too lean to be able to respond." The joint submission from six independent producing theatres called for an acknowledgement "that Net Zero and Fair Work First priorities have a significant financial impact on our fragile business models and cannot be implemented without extra targeted support". COSLA's submission said—

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

Fair work

The [Scottish Government's Fair work vision](#) is that—

"Scotland to be a leading Fair Work Nation by 2025, where fair work drives success, wellbeing and prosperity for individuals, businesses, organisations and society."

The Culture Strategy supports this and says—

"The culture and heritage public agencies ... all have an important leadership role to play in promoting and modelling fair working practices within their organisations and across the culture sector. As employers, the agencies should adopt fair working practices to ensure their staff are treated fairly and are fairly rewarded. As the providers of public service they should promote fair work to the organisations they work with and support, including through any public funding they award."

Fair work is a funding criterion [for Creative Scotland](#). The aim to ensure that fair work practices are the norm in the sector is well-supported in the evidence the Committee has read and heard. However, there are associated costs.

The Committee heard last week that there are challenges in the sector to attract and retain staff and skills shortages.

International Culture Strategy

The Scottish Government [launched a consultation on a new International Culture Strategy in February](#) this year. The Government expects to publish the International Culture Strategy within the next year.

The consultation asked for information on the current range of international cultural activity that takes place. The consultation also sought views on the rationale underpinning any International Culture Strategy. The consultation suggested that the primary focus should be to help to create and maintain “international connections will support cultural exchange and innovation and develop new markets, audiences, and income sources”. As a secondary goal, the strategy may seek to support Scotland’s international reputation and “support wider activity, such as diplomacy or trade promotion.”

Last week the Committee discussed the value of the cultural sector in supporting Scotland’s international reputation and supports tourism. Francesca Hegyi from the EIF suggested that while the offer to visitors is still appealing, international delegations had been surprised at the financial position of the sector.

Brenna Hobson from the National Theatre of Scotland said that its aim is to ensure that its international touring breaks even which means that this work is reducing.

Lori Anderson from Culture Counts said that “there is no doubt we have an excellent reputation” for Scotland’s cultural sector. She also said that the sector has concerns that the ambition in the International Culture Strategy will not be resourced adequately.

The Committee also was told last week that the UK’s exit from the EU is impacting on the sector, particularly in relation to filling skilled roles.

Mainstreaming culture

Taking an outcomes-based approach and funding culture through a number of portfolios

The work of the Committee to date has repeatedly highlighted the need to ensure that culture is mainstreamed across Scottish Government portfolio areas, which reflects the ambitions of the Culture Strategy. This is especially true in the area of health and wellbeing, but not limited to that specific portfolio. One of the aims of the 2020 Culture Strategy was to—

“Place culture as a central consideration across all policy areas including: health and wellbeing, economy, education, reducing inequality and realising a greener and more innovative future”

The [Cabinet Secretary’s response to the Committee’s 2022-23 pre-budget report](#), dated 23 December 2021 said—

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

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

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

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

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

The [First Minister's recent mandate letter to the Cabinet Secretary](#) said that the Cabinet Secretary will—

"Collaborate with Ministerial colleagues across Government to mainstream culture in policy making. This will recognise the transformational power of culture as a medium to contribute to the achievement of the Government's key priorities."

In terms of health and social care, the Committee has been keen to stress the importance of social prescribing as a mechanism for cultural and heritage organisations to support a variety of outcomes. The Scottish Government's website states—

"Social prescribing is an important approach to self-management of mental health. It is based on a clear rationale that supporting people to access and use non-medical sources of support can contribute to improved mental health."

"This can include opportunities for the arts, physical activity, outdoor activity, learning, volunteering, social support, mutual aid, befriending services and self-help, as well as support with benefits, legal advice, etc."

The 2021-22 Programme for Government that by 2026, every GP Practice will have access to a mental health and wellbeing service, funding 1,000 additional dedicated staff who can help grow community mental health resilience and direct social prescribing. An [answer to a PQ in August 2023 stated](#)—

"The Scottish Government has invested significantly in social prescribing through Community Link Workers within general practice. Funding for Community Link Workers in general practice is included within the Primary Care Improvement Fund. Health and Social Care Partnerships decide how to use their Primary Care Improvement Fund allocation to develop local Multi-Disciplinary Teams which incorporate link worker roles."

As part of the committee's work on the 2022 resource spending review, the Committee took evidence from both the Cabinet Secretary for the Constitution, External Affairs and Culture and the then The Cabinet Secretary for Health and Social Care, Humza Yousaf. [Mr Yousaf said](#)—

“I have made it clear to my officials and to colleagues across Government that we are not fortress health—we will not put our arms around what will now be an £18 billion budget and try to protect it just for ourselves. We absolutely understand the need to work across Government. Such work has undoubtedly been done previously, but we want to expand on it. ...

“I could give numerous examples of really good projects that are being funded by the health service—a lot of the funding comes from our mental health budget—in relation to arts therapies and community initiatives that help people, particularly young people, to deal with mental health issues.”

Duncan Dornan from Vocal Scotland told the Committee on [21 September](#)—

“We know that culture is a very cost-effective way of improving health and wellbeing, and that it very effectively reduces expenditure on primary healthcare. We also know that it is very effective in driving tourism and in generating income and inward investment, but there is depletion of our ability to do that, which will have major long-term consequences.”

The Bòrd na Gàidhlig's submission highlighted that some organisations can be aware of the links between culture and wellbeing “but do not have the knowledge, skills, or capacity to develop them and obtain funding - i.e., what funding might be accessed and how the case for a project and funding should be expressed.” The Bòrd called for work to set out the “current position on links and funding for cultural activities that support health and wellbeing outcomes and how these can be developed and put on a more formalised basis.”

There are a number of other examples of where budgets from outside of the Cabinet Secretary for the Constitution, External Affairs and Culture's portfolio are supporting cultural activities. The Bòrd na Gàidhlig is funded through the Education and Skills portfolio. Fèisean nan Gàidheal's submission noted that it had undertaken work funded through the Government's Island Team as part of the implementation of the National Islands Plan. Another example was provided by Creative Carbon Scotland which noted that both the Government's Culture and Climate Change Directorates supported a project called Climate Beacons.

[On 21 September](#), Kara Christine from Artlink told the Committee of the work she does in supporting long-term school-refusers. This work, she said, is funded through the Attainment Scotland Fund.

The Committee has heard that one of the barriers to cross portfolio working at the local level is how different sectors evidence impact. Liam Sinclair from the FST said—

“There are a lot of good examples of work out there, and we know that that work works, but it is quite ad hoc and reactive. ...

“We need to look at what the agreed metrics will be, because there is a lot of understanding at quite an implicit level that the contribution to health and wellbeing and education outcomes is there, but we are all working to slightly different evaluation metrics. If we could work to a unified set of metrics while prototyping within the context of a refreshed culture strategy that works towards the Government’s goal of transforming to a health and wellbeing economy, that could be truly transformative over the next decade.” (Cols 13 and 14)

Last week, David Watt from Culture and Business Scotland said that cultural bodies and agencies should be more involved in strategic boards and forums across a range of policy areas. Francesca Hegyi said that there is scope for improvement in how creative industries are engaged in wider economic strategic plans and, particularly, the two [Scottish Investment Zones](#). David Watt from Culture and Business Scotland said that the creative industries should have been more involved in the City Deals schemes.

Local authority funding

Local authorities are provided a large grant through the Social Justice, Housing and Local Government portfolio.

Local authorities play a significant part in supporting culture and the arts in their areas. COSLA and Directors of Finance Section’s joint submission noted that in the most recent audited accounts for local government total direct net expenditure on culture was £193m. However, this does not include “does not include significant additional spending which is relevant to the cultural sector, such as community centres and other recreation and sport facilities” nor the costs of maintaining important “local, regional and national cultural and historical assets”. It said—

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

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

Community Leisure UK said that some of its members could see a “fiscal cliff edge” where “services become unsustainable” and that there is an “urgent need to develop plans to reshape services for future anticipated reductions and to work with local authorities to strategically plan for the future.”

Ned Sharratt, Senior Researcher (Education and Culture) SPICe
29 September 2023

Note: Committee briefing papers are provided by SPICe for the use of Scottish Parliament committees and clerking staff. They provide focused information or respond to specific questions or areas of interest to committees and are not intended to offer comprehensive coverage of a subject area.

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