

CONSTITUTION, EUROPE, EXTERNAL AFFAIRS AND CULTURE COMMITTEE

4th Meeting 2021, Session 6

16 September 2021

Pre-budget scrutiny: culture sector funding

1. As part of its pre-budget scrutiny work, the Committee is currently looking at the continuing impact of COVID-19 on the culture sector and its longer-term future.
2. This is the second panel giving evidence to the Committee as part of this enquiry. Members will hear from the following witnesses, who will join the meeting remotely—
 - Clara Cullen, Venue Support Manager, Music Venue Trust
 - Fiona Campbell, Convener, Traditional Music & Song Association of Scotland (TMSA)
 - Mike Jones, Managing Director, The Stand Comedy Club
 - Matt Baker, Orchestrator, The Stove Network
3. Members can find written submissions from the Music Venue Trust, The Stand Comedy Club and The Stove Network in **Annexe A**. A written submission from the TMSA is expected shortly and will be published once it is received.
4. A SPICe briefing on the impact of the pandemic on the culture sector, impact on the workforce, and the medium- and long-term challenges and opportunities is provided in **Annexe B**.

Committee Clerks
September 2021

Written Submission from Music Venue Trust on the Constitution, Europe, External Affairs and Culture Committee's Funding For Culture Call For Views

1 What should be the Scottish Government's immediate priorities in supporting the culture sector's recovery through Budget 2022-23?

The Scottish Government needs to create policies that help foster a sustainable and thriving Grassroots Music Venues (GMVs) in every Scottish town and city, embedded as hubs of creativity, cultural programming and social interaction at the heart of the communities they serve.

A clear commitment to supporting the recovery of Scotland's GMV sector in the aftermath of the Covid-19 pandemic presents the Scottish Government with significant policy opportunities, the ability to take bold measures and implement reforms that have a lasting impact on the sector.

To encourage a dynamic, resilient and sustainable sector, Scotland should focus on policies that address not just the immediate needs of the sector to stabilize it in the short-term, but also those that are twinned with a longer-term perspective that enable it to flourish.

Music Venue Trust would like to take the opportunity to encourage the Scottish Government to focus on the following policy areas in the 2022-2023 Budget:

1. Policy Mechanisms that Encourage Community Ownership

Policy Issue: A persistent challenge to the sector is that 93% of GMV operators are tenants to private landlords who own the freehold of venue buildings; people who actively operate grassroots music venues in Scotland, creating vibrant cultural experiences for their local communities, do not own the building where that cultural activity takes place. This cultural activity is often not valued by freehold landlords and the interests and priorities of these landlords are frequently not aligned with their tenant's desire to create cultural experiences. This results in a lack of long-term security within the sector and places the immediate ability of GMVs to recover from this crisis at acute risk. There has been a sharp rise in debts that venue operators have accrued as a result of the Covid-19 pandemic, placing their tenancy at risk. The outcome of this, unless active measures are taken by the Scottish Government, is the likely closure of many grassroots music venues within the next 18 months.

The sector as a whole was left particularly exposed, and in a comparatively weaker position than other cultural organisations, when the Covid-19 crisis took hold as a result of this ownership model. This type of ownership structure is unique to GMVs compared to other similar cultural organisations such as theatres and art centres. Where GMV operators are overwhelmingly tenants with private landlords, theatres and art spaces are more likely to be community-owned or run by local councils which gives them more security of tenure compared to GMVs and insulates them better against challenges like Covid-19.

The permanent loss of these venues results in not only the loss of the cultural activity that takes place in them, but also the expertise and the knowledge that has built up in the sector. GMVs that have permanently closed are not easily or quickly replaced due to the high start-up costs involved in setting up a venue.

The result of this is that the ownership model currently prevalent within the GMV sector places venues at a higher risk of closure.

Policy Priority: In order to reverse this trend, policy attention must be put on measures that encourage long-term stabilisation and the sustainability of the sector. Music Venue Trust would like to encourage the Scottish Government to prioritise the creation of policy mechanisms within the 2022-2023 budget that encourages the creation of community ownership schemes. Similar schemes already exist in other nations such as Asset of Community Value, Community Ownership Fund, and Community Share Businesses but could be actively promoted within a Scottish context. If similar schemes were pursued in Scotland, the long-term resilience of the sector could be strengthened by removing GMVs from private ownership models, allowing communities that value their local GMV to take an active stake in their ownership which would better mirror the ownership model of GMVs' cultural contemporaries within arts and culture. Music Venue Trust has created its own Community Ownership Model, Music Venue Properties, which seeks to acquire freeholds and acts as a benevolent landlord to the cultural operators that use them. This model mirrors the effective protection afforded to other cultural tenants in theatres, arts centres etc; a protected tenancy on beneficial terms such that the operator can focus on future programming and content and improving facilities is a shared aim of operator and landlord.

2. Non-Domestic Rates Reform

Policy Issue: Reform of the non-domestic rates system is needed to help the GMV sector stabilise after the Covid-19 crisis. As it currently stands, the Non-Domestic Rates system is a counterintuitive tax on cultural development in fixed locations that unfairly penalises Grassroots Music Venues for their physical activity, discourages the creation of cultural venues, and places a considerable burden on venue operators who are ill-equipped to manage this system without considerable friction.

Policy Priority: Music Venue Trust recommends that a complete overhaul of the rates system should remove the Non-Domestic Rates system from cultural spaces as an intent; it has already been removed as a cost from many cultural venues because of their management structure (i.e. local authority-owned theatres/arts centres and charitably registered organisations). Our position is that the Scottish government should recognise the value of the existing structures and simply address cultural equity by bringing the activity presented within a space into the valuation mechanism.

In line with this we recommend the following policy priorities:

- Exempt Grassroots Music Venues from Non-Domestic Rates system
- Create a Grassroots Music Venue Discount similar to the one proposed in England in January 2020, for Scottish GMVs for a significant period to allow the sector to recover from the impact of Covid
- Create a specific relevant category for GMVs within the Non-Domestic Rates Mechanism
- Reform Non-Domestic Rates to establish a connection between payee and benefits
- Mandate Rates Relief for Not-For-Profit Entities

3. Improved Ventilation

Policy Issue: Music Venue Trust has taken a particular interest in the growing body of evidence that suggests that airborne pathogen risks can be significantly reduced in our public spaces with improved ventilation and air purification systems. This evidence is particularly pertinent in creating the environment for a sustained recovery within the GMV sector post-Covid-19.

□ The challenges presented by airborne pathogens are of particular significance within Grassroots Music Venues as they are spaces where the public and local communities gather indoors to enjoy live music, and this may increase the risk associated with airborne pathogens.

□ **Policy Priority:** In order to address this unique challenge to our sector, Music Venue Trust is calling on the Scottish Government to implement a major intervention into upgrading ventilation infrastructure within grassroots music venues across a 3-5 year period which addresses the public health issues associated with airborne pathogens in these spaces. The first step in this intervention should be engaging in a proactive Scotland-wide independent audit that assesses the scale of the issues and the effects of improved ventilation systems within Grassroots Music Venues on public health.

□ We believe that a Scotland-wide audit of Grassroots Music Venues, if funded as a sensible first step in a wider public health intervention, is the most cost-effective and preventative way to reduce the range of potential risk from airborne pathogens, to explore mitigation measures and review the opportunities for coordinated interventions.

4. Organisational Funding

Policy Issue: The recommendations of reports that have shaped previous Scottish cultural policy have largely been on funding streams for individuals within the creative sector rather than overarching strategic funding for organisations that help support the wider creative ecosystem. This has resulted in a fragmented creative industry with some segments being well funded whilst others flounder. GMVs have a vital role as a talent development network and act as incubators for musicians and other creatives; they are research and development labs.

Policy Solution: In the Covid-19 crisis, the Scottish Government developed emergency funding for venues and organisations within the creative and cultural sector. This was a timely and much needed intervention. With an eye to longer-term strategic policy making, we would recommend that overarching cultural support should prioritise organisations that help support Scotland's creative industries as well as individual creatives. A sustainable Scottish live music industry is developed not only via individuals but through organisations who act as incubators and hubs of creative talent building a holistic, resilient and dynamic industry. To create a more well-rounded and resilient Scottish music industry, the approaches to cultural funding should under-go a strategic reset.

One way this could be achieved is for the Scottish Government to create a funding framework that identifies innovative organisations that can deliver business and strategic support services. This support is needed to help amplify Scotland's cultural presence domestically which, in turn, will lead to a strengthening of its export power and its international presence.

2 Do you agree with UNESCO that "a degree of restructuring is inevitable" [1] as the sector recovers from COVID? If so, what approach should the Scottish Government adopt?

Scotland will experience fluctuations in the number of active and operating GMVs as we move out of the immediate Covid-19 crisis phase. What is currently unknown within the sector is the extent, level and scope of this disruption and how long it will take to create the conditions for the sector to stabilise.

In order to get as accurate data as possible on the impact of the crisis on the GMV sector, Music Venue Trust recommends that the Scottish Government takes a personalised and specific approach by committing to conducting a cultural venues infrastructure audit. An audit would be able to properly assess the extent to which Covid-19 has impacted the GMV sector, its scale and the variable needs represented within the GMV sector. An audit would allow the Scottish Government the opportunity to collect case studies from venue operators directly impacted, gain a clearer picture of the challenges venues have overcome and the opportunities the Scottish Government can take to strengthen the reputation of Scottish GMVs internally and internationally.

3 A crisis can also trigger new ways of thinking – should the Scottish Government rethink how it supports the culture sector?

The 2022-23 Budget presents the Scottish Government with a genuine opportunity to create cultural policies that can act as a meaningful reset and help nurture a thriving Scottish Grassroots Music Venue sector.

We are thankful for the steps that the Scottish Government have taken during the Covid-19 crisis where much needed financial support for GMVs was created in the form of the Grassroots Music Venues Stabilisation Fund. We would like the Scottish Government to take this same initiative and go further in its re-thinking by uplifting the varied role that Grassroots Music Venues in Scotland perform for the creative industries as a whole. Recognising that Grassroots Music Venues are:

1 Creative hubs: GMVs are at the heart of their local communities, providing early-stage access for artists and creatives to experiment, grow their skills and develop their talent. They are the Research and Development labs of the £5.8 billion per annum UK Music Industry, which is a world leader in music and culture. They foster and develop new talent in an open, non-profit driven model which enables creativity to flourish. In many locations they provide an outlet for people otherwise left behind by other local creative and cultural offerings.

2. Community Centres: GMVs are community centres for towns across Scotland which:.

3. Education and Employment hubs: 1 in every 11 UK jobs is in the Creative Industries - the fastest growing UK employment sector. GMVs work closely with schools, colleges and universities to support emerging talent across the sector - artists, sound engineers, crew, security, music managers, promoters, venue managers. They function as a pathway from inspiration, aspiration, employment and lifelong careers.

Previously, cultural funding has concentrated on projects that fund individual creatives and artists rather than organisations that create the environment for a healthy cultural industry. From developing local artists to employing local people, Scotland's GMVs deliver world-class development opportunities to their own communities. Funding considerations should include the protection and improvement of GMVs as spaces and as organisations, as well as improved access to funding specifically for talent development activity.

4 Specifically, are there opportunities to develop a more strategic approach through, for example, the medium-term financial strategy, a multi-year spending review and the National Performance Framework?

Scotland's GMVs have an impact upon, and help to fulfil, all National Outcomes. Strategic funding decisions can be made for GMVs bearing in mind that as well as Cultural and Economic importance, their reach extends to areas such as Children and Young People, Fair Work, Communities, Education, Health and Environment. GMVs are the site of societal change and improvement and are uniquely placed to engage and empower young people and other communities towards positive decisions.

Music Venue Trust strongly supports a broader strategic approach throughout government which recognises that the work of Grassroots Music Venues impacts not just on a cultural agenda.

Written Submission from Stove on the Constitution, Europe, External Affairs and Culture Committee's Funding For Culture Call For Views

1 What should be the Scottish Government's immediate priorities in supporting the culture sector's recovery through Budget 2022-23?

We think that Covid has accentuated the need for the National Strategy and that the Culture Strategy could be adapted into a blueprint for rapid change and response to Covid by focussing on the three ambitions:

- Empowering through Culture
- Transforming through Culture
- Strengthening Culture

We can look at all of these through a Covid lens and shape a tactical approach to culture in Scotland that delivers benefits for our whole society through Empowering, Transforming and Strengthening.

The emphasis of this submission will be on the role of culture and creativity as tools to support wellbeing and improved outcomes for everyone in our society, but especially those experiencing disadvantage and/or inequality. We believe the key action for our country at this time is to invest in innovative and long-term projects that place creative practitioners within community settings to co-create projects with local people. Outcomes from such work will include: community visioning and cohesion, increased confidence and interaction, new skills and the development of community initiatives such as neighbourhood plans and new groups....these together with grassroots cultural provision and a flourishing cultural sector that makes pathways for those from disadvantaged backgrounds to grow careers within it.

This is a vision of creativity as an engine of innovation that will slingshot our country out of the Covid era and be a beacon and support for others around the world.

The current Scot Govt programme 'Culture Collective' is an excellent example of such an initiative and should receive continuation funding to maintain the momentum and excellent work that is resulting. Other examples would be an initiative to place an artist in residence in every school in Scotland along the Room 13 model (and/or the Sistema model) and develop a Cultural Social Prescribing model for Scotland.

One outcome of this approach would be to supercharge the capacity and resource within communities to create locality plans with community wealth-building and 20-minute neighbourhoods at their heart. This practice of Creative Placemaking uses creative practitioners to support communities to articulate a local vision and form the local structures to deliver real change – change that is directed towards sustainability and climate justice.

Such a policy would be developed around the following set of priorities for cultural recovery/response to Covid

1. Retaining the Cultural Workforce

Investment in community-embedded arts programmes would provide stable fair-work income for the cultural workforce. It would support the freelance economy and if regional or city programmes were coordinated could also support teams of associate skills in production, event delivery, arts administration, marketing etc

2. Training and skills – both for people starting in the sector and those seeking to diversify

The national community-embedded arts programme would have learning and skills at its core. Through on-the-job experience the programme would provide opportunities for career progression for people at all levels of the cultural and creative sector as well as being a doorway for others to enter the sector directly from a community base (maximising diversity and inclusion in the growth of the sector)

3. Research and Development

Scotland would use the national community-embedded arts programme as a large-scale action-research project to understand the opportunities and needs for long-term development. This would include the smart use of shared resources such as existing arts infrastructure and working partnerships with local authorities, enterprise agencies, third sector, health sector, education sector etc. If we use the lens of Empowering, Transforming and Strengthening to see culture through its wider impact on society we can refocus our priorities for action in terms of what new infrastructure we need and what of our existing infrastructure can be re-purposed or strengthened to meet this renewed sense of purpose for the sector. This would result in a strategy of smart investment in retention of existing infrastructure that is capable of supporting new future for culture.

2 Do you agree with UNESCO that “a degree of restructuring is inevitable” [1] as the sector recovers from COVID? If so, what approach should the Scottish Government adopt?

Yes, we agree that a degree of restructuring is inevitable. We think the Scottish Government should adopt the approach outlined in Q1 above

3 A crisis can also trigger new ways of thinking – should the Scottish Government rethink how it supports the culture sector?

We encourage Scottish Govt to be bold in re-thinking the way that we do culture in Scotland. If we adopt the ambitions of Empowering, Transforming and Strengthening through a national community-embedded arts programme (an extended ‘Culture Collective’ approach) we need to be open to the idea of the break-up of a homogenous cultural sector and support different sectors (eg. Culture for Health, Creative Learning, Social Art etc) to become independent and sustainable sectors with their own relationships with funders and partners. This would then allow the development of a further sector of ‘Experimental Culture’ to form – this would be the kind of culture that most people think of when they hear the word. Culture that is like ‘elite athletics’ or ‘pure research’ in scientific context (seeing the community practice as ‘applied research’). This would allow us a country to decide on the percentage of our spending that we direct to ‘applied culture’ and what we spend on ‘pure culture’

Clearly this approach would have implications for the structures we have for supporting culture and creativity in Scotland – being bold enough to look at big transformational shifts like these need to be at the heart of the Research and Development phase outlined in section 3 of our response to Question 1

4 Specifically, are there opportunities to develop a more strategic approach through, for example, the medium-term financial strategy, a multi-year spending review and the National Performance Framework?

Long term funding for the infrastructure needed to support the new national vision for culture, described above, is essential.

**Written Submission from The Stand Comedy Club on the Constitution, Europe, External Affairs
and Culture Committee's Funding For Culture Call For Views**

1 What should be the Scottish Government's immediate priorities in supporting the culture sector's recovery through Budget 2022-23?

- Continue to support the organisations that have received support so far, including ones that don't normally receive funding – they won't recover to 100% quickly and will require ongoing, tapered support until they are able to reach full pre covid capacity levels
- Maintain the broadest definition of culture and what is considered to be worthy of financial support/investment.
- A more porous funding infrastructure - not such a rigid split between RFOs/project funded/unfunded organisations.
- Maintain all current avenues of support including rates relief.
- Develop a contingency system for any future return to lockdown e.g. local authority grants, new JRS, insurance schemes to cover lost revenue.
- Fast, light touch support (in contracts to Arts Council England)
- Specific financial support for the recovery of the flagship Edinburgh festivals including an understanding of the idiosyncratic ecology of the Fringe

2 Do you agree with UNESCO that "a degree of restructuring is inevitable" [1] as the sector recovers from COVID? If so, what approach should the Scottish Government adopt?

- Restructuring at organisational level has already happened - redundancies, reduced level of operation, reduced capacities
- A wider restructure has happened within the industry as individual practitioners, freelancers and supply chain companies, many of whom have not received the same level of financial support, have left the sector.
- Cultural restructuring i.e. changes in the consumption of culture are continuing to change – what organisations offer and how they structure the customer experience may not match what customers want over coming years.
- A planned sectoral restructuring needs to recognise the new landscape before considering new funding mechanisms and / or a redistribution of resources across the sector.

3 A crisis can also trigger new ways of thinking – should the Scottish Government rethink how it supports the culture sector?

- A new landscape requires a new methodology - lets not return to the factory default setting for the cultural sector (or elsewhere)
- Learn the lessons from the pandemic and the emergency response:
 - o Which parts of the sector merited financial intervention in order for them to survive.
 - o Having kept the sector alive, how do you help it thrive?
 - o How do you continue support for organisations that don't normally receive funding
 - o How do you protect the sector from future emergency lockdowns?
- Establish a faster track/ lighter touch way of assessing investment need based on lost revenue.
- Introduce a cultural “eat out to help out” scheme to stimulate demand – subsidise audiences and participants (rather than organisations) and let them choose what culture they want to engage with?

**Constitution, Europe, External Affairs and Culture Committee
Budget, Strategy and Outcomes
16 September 2021**

BACKGROUND

The paper is intended to support the Committee in its second evidence session of the Committee's pre-budget scrutiny. The Committee will hear from—

- Music Venue Trust
- Traditional Music and Song Association of Scotland
- The Stand
- The Stove Network

The paper prepared last week focused on the purpose and approach to the budget process and provided a sketch of the strategic policy work in Scottish culture policy. That [paper remains relevant and can be found online](#).

This paper looks at three broad areas:

- The impact of the pandemic on the sector;
- Impact on the workforce; and
- The medium and long term challenges and opportunities.

One of the key aims of pre-budget scrutiny is to scrutinise the links between spending decisions, strategy, and outcomes. The national outcome for culture in the National Performance Framework is—

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

The National Indicators under this outcome are—

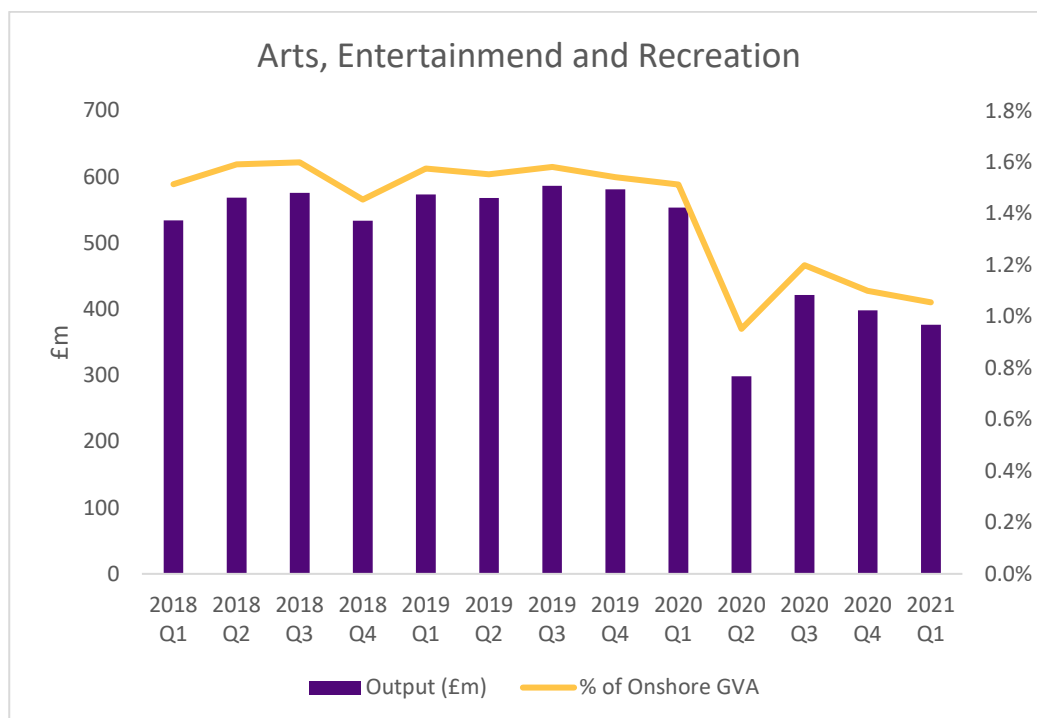
- Attendance at cultural events or places of culture;
- Participation in a cultural activity;
- Growth in the cultural economy; and
- People working in arts and culture;

CHANGING IMPACT OF THE PANDEMIC

Creative industries, particularly those which rely on attendance at venues or events, have been among the hardest hit by the pandemic.

Value of the creative industries

In 2019 'arts, culture and recreation' contributed £2,309 million (1.6% of total onshore GVA) to the economy of Scotland, this fell to £1,672 (1.2% of total onshore GVA) in 2020. The chart below shows how the quarterly output has changed from quarter 1 of 2018 to quarter 1 of 2021. The right axis shows the percentage of total onshore GVA.



Source: Scottish Government, [GDP Quarterly National Accounts: 2021 Quarter 1](#)

While the sectors are keen to highlight the economic worth of creative industries to the Scottish economy, the value of the creative sectors is considered to be much broader than this. There are a number of intangible benefits of culture and heritage though supporting mental wellbeing, communities coming together, or societies creating their own stories and identities.

Changing restrictions

Since March 2020, the sectors have had to seek to adapt to a fast-moving environment. The extent to which sectors could and can operate has changed at a very fast rate at times.

Performing arts venues, from local pubs to concert halls, shut. In the short period of respite in autumn 2020 venues were able to open (subject to local levels) but public health measures impacted on capacities. Furthermore, lead-in times for productions along with a high level of uncertainty meant that there were very few in-person performances. Consumption of culture in 2020 became more heavily on-line, whether through watching online streaming services (e.g. Netflix) or live-streamed theatre or music. Television and

film production returned relatively quickly but with public health measures that slowed the process.

The [UK Government recently announced a government-backed insurance scheme](#) worth over £750 million, which is intended to support the planning of events. The scheme will support live events across the UK that are open to the general public - such as music festivals and business events. It will cover costs incurred in the event of cancellation due to the event being legally unable to happen due to Government Covid restrictions. A similar support for the screen sector was opened last year under the [UK-wide Film and TV Production Restart Scheme](#).

From [9 August restrictions for venues have been significantly reduced](#). Outdoor events should not exceed 5000 attendees, unless granted an exemption by a local authority. Indoor events should not exceed 2000 attendees, unless granted an exemption by a local authority. There is now no legal requirement for physical distancing.

[Scottish Government guidance](#)¹ also notes that there are precautionary measures for venues—

- Wearing a facemask, there are some exceptions, such as when eating, being seated at a table in a hospitality setting, or dancing.
- Performers may not wear a mask if: partitions are in place; or if one metre distancing is maintained; or if wearing a mask, distancing or partitions would materially impede the performance or rehearsal.
- Promotion of good ventilation
- Good hand hygiene and surface cleaning

The guidance sets out further “steps in addition to the precautionary measures” venues may consider—

- requiring customers to pre-book tickets
- retaining table service in hospitality offerings
- keeping physical distancing for performances where tickets were sold on the basis of physical distancing
- staggering start times where possible
- putting in place processes to control the flow of people in and out of buildings, as well as within buildings (for example, one-way systems)
- having physical distancing in certain seating sections or performances

Cases are, at the time of writing, rising and the First Minister’s [statement to Parliament on Covid on 1 September](#) noted concern of this and that she was “hopeful that we can turn the corner without having to re-impose any restrictions.”(Col 24) The major announcement the First Minister made was in relation to the proposal for vaccine certificates. She said—

¹ The version at the time of writing was last updated on 3 September.

“We propose that, subject to Parliament’s agreement, vaccination certification should be introduced later this month—once all adults have had the opportunity to be fully vaccinated—for the following events and venues: first, nightclubs and adult entertainment venues; secondly, unseated indoor live events with more than 500 people in the audience; thirdly, unseated outdoor live events with more than 4,000 people in the audience; and lastly, any event of any nature that has more than 10,000 people in attendance.” (Col 27)

This proposal was due to be debated in Parliament in the week commencing 6 September.

The Musicians’ Union’s submission to this Committee stated—

“Rising case numbers in Scotland and the proposed debate around mandatory vaccination certification mean that many are genuinely concerned and nervous about a future return of restrictions. The result is that organisers are nervous, and many are discouraged from planning future events and performances.”

The MU highlighted a UK Government funded Events Research Programme. This looked at how events with larger crowd sizes could return without social distancing, while limiting the transmission of COVID-19 as much as practical. The first phase of the ERP consisted of nine pilots, some running across multiple days in April and May. These pilots tested events in various settings including indoor and outdoor venues. Through those pilots, the authors state that they demonstrated how mitigation measures can be used, potentially as alternatives to social distancing, to reduce and manage the risks identified at events. The report of Phase 1 of the [ERP was published on 21 June](#).

The Scottish Arts Union’s submission to this Committee said—

“Unlocking and returning to normal is proving unpredictable and the sector will require further enhanced funding to support freelancers through the current budget period to April 2022. The mechanisms used to disburse hardship funding were effective – however, we are aware of the strain this causes on the capacity of organisations such as Creative Scotland. Increasing funding to Creative Scotland’s newly aligned Open Fund would enable more artists and makers to focus on their creative practice.”

Resilience of the sectors

The sectors have had to adapt to continue to work, where possible, and adhere to public health guidance. For many these challenges will have led to either increased costs or decreased income, or both.

There has also been a move to online. This includes streaming performances or delivering community-based projects remotely.

These issues were considered by the Session 5 Committee during its work on the impact of the pandemic. A submission to the session 5 Committee from the [Federation of Scottish Theatre](#) said—

“Venues, support organisations and small companies are facing a very uncertain future. Many have pivoted to create theatre, dance and film performances and engagement activity online, but are aware that this narrows the range of individuals

able to access their work and brings in a fraction, if any, of the income that was previously generated from ticket sales and merchandising.”

In terms of arts organisations providing support to individuals within their communities, Moira Jeffrey from SCAN [told the Committee in January](#)—

“We have a range of members that work with very vulnerable people, and that is where digital has been really effective. They provide one-to-one or small-group support, for example, to people with health issues, mental health issues, disability, the older population and segments of the population who might be isolated. Those organisations—which include, for example, [Dundee Contemporary Arts] and small organisations such as Gaada in Shetland—continue to provide that kind of community support via digital.” (Col 16)

Moving to digital has also created opportunities particularly in terms of geographical reach. A joint [submission from the Playwrights’ Studio, Scotland and The Scottish Society of Playwrights](#) to the same inquiry noted that those “based outside the central belt of Scotland hoped that the level playing field that had been created through the use of digital meetings would continue into the future.” However, some have identified risks to a digital approach; [Cove Park’s submission](#) to the session 5 Committee stated—

“While working digitally expanded our reach internationally, we also very quickly realised the issues related to exclusion and discrimination inherent in the medium. Moreover, we realised that the creative dialogue and ideas exchange that residents benefit from while in residence at Cove Park cannot be substituted by zoom meetings.”

Other measures such as social distancing within venues restricted the number of people. This was a particular challenge for small venues where customers would normally stand in proximity. In August 2020, Nick Stewart of the Music Venues Trust told the session 5 Committee that the 2m social distancing in place last year reduced the capacity of his venue from 100 to 12, including performers and staff.²

Audience research

Creative Scotland has commissioned three surveys on people’s attitudes to attending cultural events and venues. The field work for the [third survey was undertaken](#) in May 2021. This work found that—

“Since November 2020 the desire to take part in all cultural activities has increased, with the public most looking forward to returning to cinema, live music and the theatre. Two-fifths of the population are already booked or planning to attend the cinema while a third are planning to attend live music. One in 8 respondents would definitely be interested in engaging with cultural events online in future.”

Creative Scotland’s research also provides some more granular detail. It said

“In May 2021, as in previous waves, the largest percentage felt either very or fairly comfortable attending outdoor events (63%) while the smallest percentage felt

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<http://archive2021.parliament.scot/parliamentarybusiness/report.aspx?r=12777&i=115532&c=2272349#ScotParlOR>

comfortable in smaller indoor venues (36%). People aged under 45 continue to be much more likely to feel comfortable in any of the types of venue ...

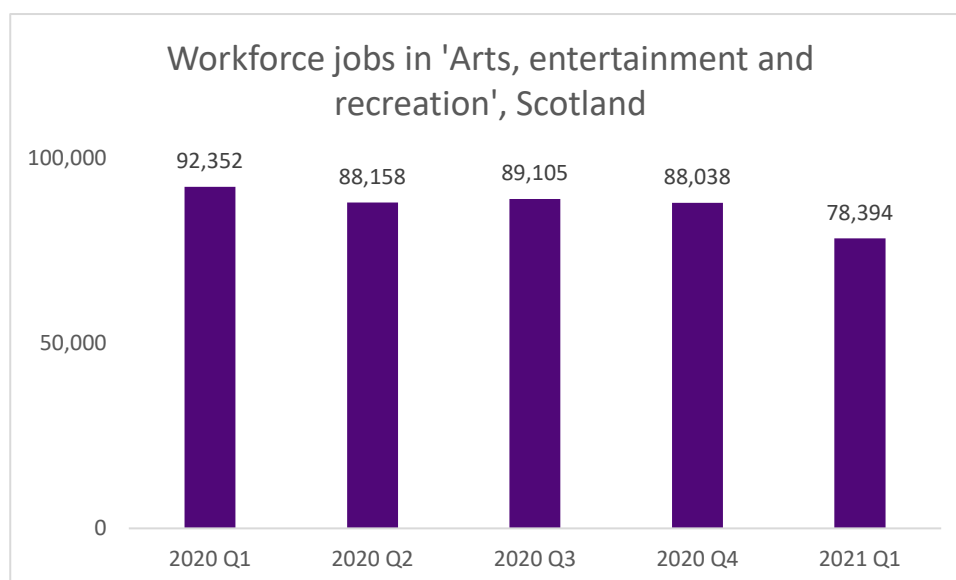
“Much of the population would like more information to help them to make plans for attending arts and cultural activities later in 2021.”

LIVE (Live music Industry Venues & Entertainment) is a federation of 13 live music industry associations that was formed in October 2020 in response to challenges of the pandemic. In May 2021, it [published findings on a questionnaire on audience intentions](#) based on over 25,000 responses collected from UK live music fans. Its key findings were—

- “Fans are confident: They want live music, and they want it now. Over 75% of fans are either ready to go right now, or with some mitigation measures in place.
- They want a normal experience: 53% would come to gigs with no extra hygiene considerations. Masks and socially distanced seating were most likely to deter fans from attending, especially in the youngest age groups.
- Tickets are selling: 73% of fans have already bought new tickets, and 1/3rd of those who haven't yet just haven't seen something they wanted to go to.
- Demand for live has grown: Despite the pandemic, fans are more passionate about going to more shows than before”

WORKFORCE

ONS surveys provide an estimate of the number of jobs in each sector. The chart below shows that the sector lost around 14,000 jobs Quarter 1 of 2020 and Quarter 1 of 2021.



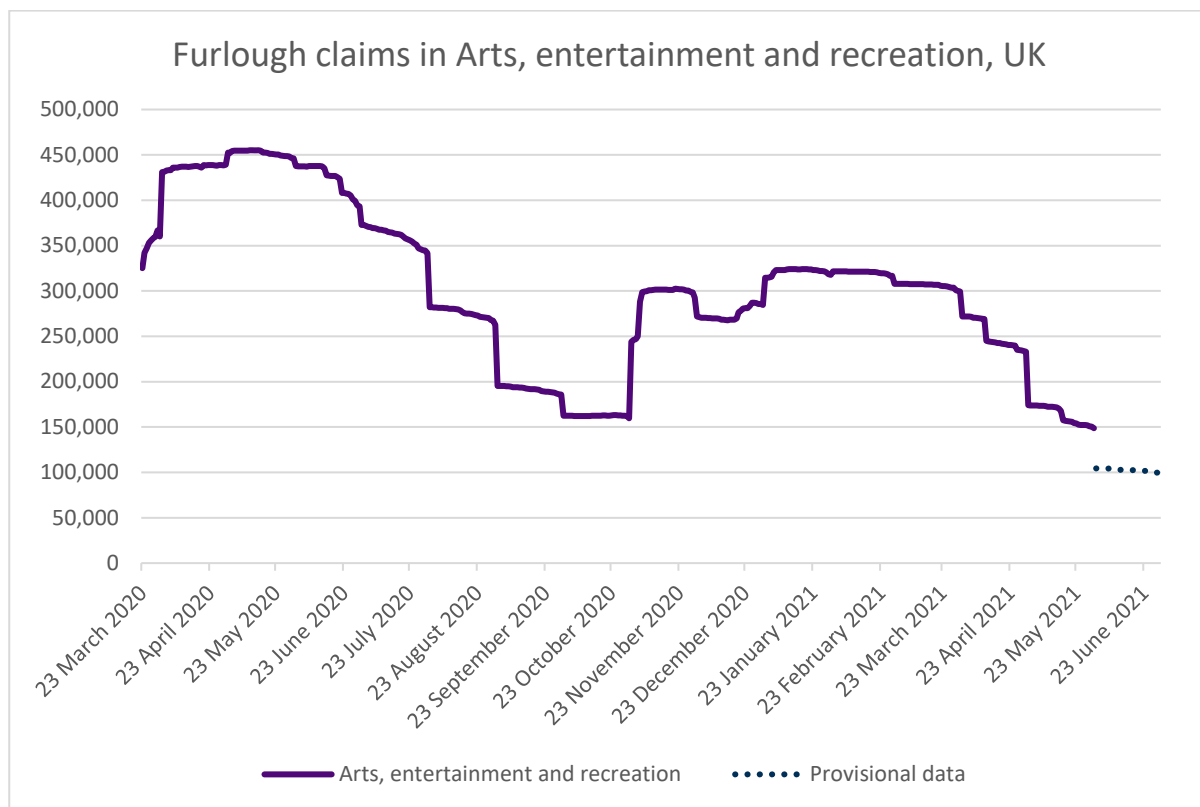
Source: Nomis

Self-employed jobs account for around a quarter of the total jobs in this sector.

Jobs in the sector have been supported by the UK Government's Coronavirus Job Retention Scheme (“furlough”) as well as the Self-Employment Income Support Scheme (“SEISS”). The UK Government provides statistics for the uptake of SEISS and furlough

by sector at a UK level. In total around 82,000 individuals claimed SEISS³; there are around 250,000 self-employed jobs in the sector, albeit those jobs are not necessarily the main employment of the individuals⁴.

The Chart below shows the number of furlough claims over time. Again, to provide context, UK-wide the employee jobs in the sector fell from around 750,000 jobs in the first quarter of 2020 to 640,000 in the first quarter of 2021. We can estimate that around 60% of the employee jobs were furloughed in the spring 2020 lockdown and around 50% in the early 2020-21 lockdown. It is worth noting that the provisional data in the final month may be revised upwards.



Economy-wide financial support also included business grants and rates relief for organisations.

The nature of work in the creative industries means that some workers in the sector have a mixed economy of work (PAYE and Self-employed) and did not meet criteria to support their income through the UK Government schemes. The Scottish Government’s bursaries and hardship funds, as well as other specific funding for organisations was intended to cover these gaps and protect jobs and organisations.

The Musicians Union submission to this Committee raised concerns about losing artists from its sector. It said—

“Musicians’ Union impact studies published as far back as September 2020 were showing a third (34%) of musicians were considering abandoning the industry completely, due to financial hardship caused by the pandemic. ...

³ <https://www.gov.uk/government/statistics/self-employment-income-support-scheme-statistics-july-2021> (table 3b)

⁴ Nomis, workforce jobs, 2021 Q1

“The very real risk of a skills drain from the sector in Scotland remains if further financial support for freelancers is not provided in forthcoming budgets. Even though activity is resuming, the most difficult period for the sector economically is likely to fall after the end of CRJS and SEISS.”

BECTU’s submission also highlighted the issue of the sectors losing workers. Its submission stated—

“The single biggest challenge facing the industry is in addressing the massive loss in staff. Live Theatre/Events have historically relied heavily on minimum wage, zero hours staff working unsociable hours particularly in customer facing areas. In “skilled technical areas” there has been an equally damaging loss in workers many of whom are freelance/self employed.”

The Culture Strategy for Scotland indicated that the Scottish Government would “work on making the culture and heritage sector part of Scotland as a Fair Work Nation by 2025, looking at the potential impact of Fair Work criteria being part of relevant grant schemes”. Creative Scotland announced it has commissioned a fair work review on September 2021. The project will take place between August 2021 and February 2022 and look at how well understood the concept of Fair Work is understood across the sector, and it is already being implemented. This work is intended to provide a baseline and to inform Creative Scotland’s future work in this area.

MEDIUM AND LONG TERM CHALLENGES AND OPPORTUNITIES

The [guidance on re-opening](#) also set out some of the next steps it will take to support long term recovery. It says—

“The Scottish Government understands how deeply the sector has been affected by the pandemic, and are aware that it will be some time before the sector will be able to reach pre-pandemic levels of activity. ...

“Throughout the COVID-19 crisis we have worked closely with the sector to understand the challenges facing it, to help develop solutions and to provide financial support, as well as looking forward to how the sector can rebuild when the crisis begins to ease. We have done this in various ways, including through the National Partnership for Culture, by engaging with Regularly Funded Organisations through Creative Scotland and through ongoing direct engagement with the sector as a whole and with specific sub-sectors. This has allowed us to build productive relationships with parts of the sector that previously had no particular reason to engage with the Scottish Government, especially commercial parts of the sector. ...

“While we want to see the sector recover to a strong and vibrant place, the Scottish Government recognises that it cannot return to how it was before the pandemic. Instead, we will work with the sector to respond to the immediate issues it still faces and to consider how to build a resilient future for the sector. This will be a long-term process and we will share our thinking on how we will do this in due course.”

In supporting the sector to building a resilient future, the Scottish Government and its agencies are likely to lean on its [2020 Culture Strategy](#). The Strategy has three ambitions—

- *Strengthening Culture*
Supporting the creation of culture.
- *Transforming Through Culture*
Realising the benefits of cultural activity across society (and government structures) to support “wellbeing and cultural, social, economic and environmental prosperity”.
- *Empowering Through Culture*
Celebrating culture more broadly “as part of every community; essential to our lives and wellbeing”

National Partnership for Culture is a stakeholder and expert group initially [launched in June 2020](#) to “provide a cross-sector, interdisciplinary voice which can both advise and influence Scottish Ministers on the delivery of the Culture Strategy for Scotland.” The NPC’s work will look at the recovery from the pandemic and its [work programme for the current year](#) is focusing on four themes—

- Wellbeing (particularly mental health)
- Fair work
- Culture in education (including skills)
- Measuring Change

Creative Scotland’s [Annual Plan 2021-22](#) set out its four priorities—

- Equalities, Diversity and Inclusion: Supporting a diverse range of creative people, communities, and activity, promoting an equality of opportunity to create, participate and engage.
- Sustainable Development: Helping tackle the climate emergency, and supporting the growth of sustainable creative businesses across Scotland.
- Fair Work: Promoting fair pay, conditions, and employment opportunities across the creative sector.
- International: Developing innovative and sustainable ways of strengthening international collaboration and promoting artistic and cultural exchange.

SAU’s submission to the Committee stated—

“A planned restructuring process should support equality, sustainability, and Fair Work principles. The ‘refreshed’ post pandemic Culture Strategy should focus on implementing greater structural changes to bring about real change, otherwise the creative community could view such documents as a purely paper exercise.”

BECTU’s submission to the Committee highlighted the changes it would like to see in the Government’s approach to the sectors. It said—

“By and large, employers across the cultural sectors aim to return to, or restore their traditional operating models. The essence of the industry is the ‘Live experience’ and that is unlikely to change, however the expectations and ambitions of the workers across the sector has changed significantly and we believe that

Government needs to drive organisations to recognise this and ‘restructure’ accordingly. Equally in recent years we have seen more crossover between Live Events, Festivals and the Live Arts and the Government needs to reorganise its own departments and agencies to reflect this.”

BECTU and the SAU also said that funding to organisations should be linked to those organisations’ allowing for more flexible working conditions, and that there should be more multiyear funding.

Creative Scotland Revised funding approach

Prior to the pandemic, Creative Scotland undertook a review of how it funds the creative industries. It published its [Refreshed Strategy and Funding Framework this year](#). The intention is that the new funding framework will be embedded in 2023-24 with 2022-23 as a transition year.

Creative Scotland identified five ways in which the new funding approach will differ from the current approach.

- A broader base of organisations receiving funding regularly
- Strengthening relationships
- Improved decision-making processes linked to priorities
- Support for individual artists
- Simpler and more transparent processes

Significantly, this will involve a move away from the Regular and Open funds. Creative Scotland seeks to develop a “more tailored approach to providing support, based on the specific context and individual needs of organisations.” This will continue to include the potential for multi-year funding. More broadly, the intention is that Creative Scotland will take a more individualised approach to funding and developing relationships across the sector.

MULTI YEAR FUNDING

A theme from evidence the Committee has heard is a desire for multi-year funding. Regularly Funded Organisations are funded over several years by Creative Scotland. Creative Scotland itself however has annual funding through Scottish Government grant in aid and the National Lottery.

The desire for greater stability of funding is common across portfolios. The 2017 [Budget Review Group’s report](#) stated—

The absence of multi-year budgets for devolved public services in recent years has been a key concern highlighted in evidence to the Group. A wide range of stakeholders suggested that single-year budgets make it more difficult for devolved public services to adopt medium-term priorities and develop plans to address future challenges. ... Spending reviews are intended to provide a means via which overall expenditure can be prioritised and inform proposals for multi-year budgets.” (p5)

There has not been a spending review undertaken by the Scottish Government since 2011.

The UK Government confirmed on [7 September](#) that a UK Spending Review and UK Autumn Budget will be announced on 27 October. In a [letter](#) the Cabinet Secretary for Finance and the Economy to the Finance and Public Administration Committee dated 30 August, Ms Forbes indicated that she was amenable to publishing the Scottish Budget 2022-23 during this calendar year. In further from that Committee to the Cabinet Secretary, the Committee drew attention to an agreed process of scrutiny for when the Scottish Government undertook spending reviews. [It said](#)—

“Your letter refers to the UK Government having indicated that work supporting a multi-year spending review is ongoing and set to conclude in the autumn. As set out in the Written Agreement between this Committee and the Scottish Government, there is a presumption that the Scottish Government will carry out a Spending Review, linked to the equivalent UK Spending Review. There is also a requirement on the Scottish Government to publish a framework document setting out the economic and political context, the criteria which will govern the assessment of budgets and the process and timetable for review. The Committee is mindful that the Written Agreement envisages time for the Parliament’s committees to undertake ‘constructive dialogue with Ministers, public bodies, and stakeholders once the Framework is published in order to influence the outcome of the Spending Review’. We would therefore welcome an indication of when you might expect to publish the Spending Review and preceding framework document.”

At the time of writing, there was no further news on the Scottish Government publishing the framework document mentioned by the Finance and Public Administration Committee.

Any consultative work on a Scottish Government spending review following the Scottish Government setting out its framework would be an opportunity for the sectors to feed in to a multi-year funding approach that is linked to strategic aims.

The Programme for Government also stated “we will also invest in much-needed stability for the cultural organisations that we provide regular funding for, by agreeing 3-year funding settlements, to allow them to plan for a sustainable recovery.” (p107) It is not clear whether this is referring only to the organisations directly funded by the Scottish Government, such as the national performing companies and collections, or whether it also includes organisations Creative Scotland funds. Nor is it clear whether this announcement in the Programme for Government is linked to a wider spending review. SPICe has sought clarification from officials but at the time of writing has not received a response.

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SPICe Research
10 September 2021

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