

Constitution, Europe, External Affairs and Culture Committee
Thursday 3 October 2024
22nd Meeting, 2024 (Session 6)

Pre-Budget Scrutiny 2025-26

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 in advance of Budget [2022-23](#), [2023-24](#) and [2024-25](#).
2. The [call for views](#) on the inquiry was issued on 17 June 2024 and closed on 9 August 2024. It received [55 submissions](#). The Committee has since taken evidence from stakeholders in the culture sector, as well as Creative Scotland.
3. At this meeting, the Committee will take evidence from—
 - Angus Robertson MSP, Cabinet Secretary for Constitution, External Affairs and Culture
 - Shona Riach, Director for External Affairs and Culture, Scottish Government
4. The Cabinet Secretary provided a written response to the Committee on [18 September](#) in relation to the proposed review of the way the culture sector is supported and the release of funds for the Open Fund for Individuals.
5. A SPICe briefing is attached at Annexe A.

Clerks to the Committee
September 2024

Annexe A: SPICe briefing



Introduction

As with previous years, the Committee has focused its budget work on culture and the historic environment. This follows on from the work the Committee has undertaken on previous budgets.

During this year's pre-budget scrutiny, the Committee has held two evidence 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 12 September.

The themes the Committee has explored in the past two weeks have been similar to the work of the Committee on the funding of culture since the start of the session. These sessions have taken place with the backdrop of the Scottish Government's Programme for Government, and the announcement of a review of funding mechanisms to the sector.

Some of the themes over this session have been—

- Sufficiency of funding and aligning funding with strategic goals
- Multi-year certainty
- Innovative funding streams
- Cross-portfolio working

The Committee also heard evidence this year relating to –

- Review of funding mechanisms including a review of the role of Creative Scotland
- Fair work

There has been consistency in 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 heard in this inquiry.

Sufficiency of funding and alignment with strategic goals

Evidence from the stakeholder panels

One strong theme from the evidence sessions was that the sector remains in a challenging situation. Lucy Casot from Museums Galleries Scotland told the Committee about a recent survey of museums in Scotland which showed that “11 per cent of our museums and galleries consider themselves to be at risk of closure within the next 12 months. That is a frightening figure and is certainly the worst that I have seen in 25 years of working in the sector.” She also said that there has been a hollowing out of services across the sector. ([OR 12 Sep 2024, Cols 1-2](#))

Other stakeholders provided similar evidence. Susan Deighan of Glasgow Life discussed her organisation’s budget, noting that “over the past 10 years, it has been reduced by £30 million.” She went on to say –

“we are very vulnerable, as all local authority services are. Our libraries are equally vulnerable, because all the funding comes from the local authority... Riverside Museum is Scotland’s national transport museum, but we do not receive any national funding.” ([OR 12 Sep 2024, Cols 8-9](#))

Iain Munro, Chief Executive of Creative Scotland told the Committee that –

“we are working hard privately behind the scenes with a number of organisations that are in crisis and on cliff edges. That is not news. We have been saying for two years that that has been happening increasingly. Resilience in the sector—financial and human—is at rock bottom.” ([OR 19 Sep 2024, Col 37](#))

Liam Sinclair from Dundee Rep and Scottish Dance Theatre presented the Committee with the story of the past 4 weeks of his organisation. He spoke about the awards their shows had won and the celebration of 30 years of its drama therapy service. However, at the same time as these positive events, he explained that –

“I, the board and the senior team have been modelling quite drastic financial implications for next year, with a cash flow in certain scenarios that does not work. We have therefore been looking at a redundancy situation, and at what the different situations look like.” ([OR 19 Sep 2024, Cols 2-3](#))

Later in his evidence, Liam Sinclair acknowledged that “none of us here is immune from understanding the fiscal challenges that the nation is facing,” however he described feeling as though the Scottish Government was not working with the sector to find solutions –

“Crucially, at the moment, it does not feel as if we are all navigating the same ship. Our sector would be up for getting onto the same ship for the stormy waters that are undoubtedly ahead.” ([OR 19 Sep 2024, Cols 8 and 23](#))

The lack of confidence felt by the sector was a theme brought up by other stakeholders in their evidence to the Committee. Lyndsey Jackson of Edinburgh Festival Fringe Society suggested that “Confidence is low, because we have zero clarity. It is impossible to be confident to step off a cliff if you have no idea what is through the fog.” ([OR 19 Sep 2024, Col 2](#)) When asked a similar question, Leonie Bell from V&A Dundee said –

“On your question about the cultural sector’s confidence in the Scottish Government, perhaps I can turn that around and say that we would all want to feel the benefit of the Scottish Government’s confidence in the cultural sector and the behaviours, strategies and approaches that would enable that...If we are to flip from being seen as the problem to being seen as the opportunity, we need to understand what the Scottish Government is doing.” ([OR 12 Sep 2024, Col 3](#))

Expected additional funding from the Scottish Government

For many of the stakeholders, collaboration was seen as key to resolving some of the difficulties being experienced by the sector – both across organisations, but also between the Scottish Government and the sector. Anne Lyden of National Galleries of Scotland told the Committee –

“I would look for the Government to think about the challenge that it could easily spend £100 million five times over because of the asks that are out there. We need strategic thinking about where collaboration is happening... because that collaboration does not only impact one institution or organisation but benefits a wider community or sector...We are all in agreement and we are all working towards the same national outcomes. Waiting for the crumbs at the table will not sustain us going forward—it has to be much more collaborative.” ([OR 12 Sep 2024, Col 13](#))

Lori Anderson from Culture Counts expressed a concern about the £15.8 million uplift in the current budget year. She said –

“I question whether all of the £15.8 million is new money. We know that £6.6 million was for reinstatement of the cut from last year. We also know that the investment for Creative Scotland’s place project and the Culture Collective has been cut.” ([OR 19 Sep 2024, Col 10](#))

In year funding

Other evidence from the stakeholders discussed the impact that in year uncertainty has had on the sector, especially regarding the temporary closure of Creative Scotland’s Open Fund for Individuals. Lori Anderson told the Committee that –

“We all took a knock when we saw the reinstatement of the 10 per cent cut to Creative Scotland a few weeks ago, which resulted in the closure—albeit temporary, as it is reopening—of the open fund for individuals. To say that the work is valued and understood and that there is an agreed need for investment, but that the sector has to be able to make in-year cuts, is a very confusing message to send to the sector.” ([OR 19 Sep 2024, Cols 1-2](#))

Caroline Sewell from Musicians Union also characterised the situation as “mixed messaging, which we and our members are hearing when it comes to funding. Funds are being cut, then reinstated, then drawn down... It feels like a little bit of doublespeak to hear that there is a promise of £100 million coming down the road.” ([OR 19 Sep 2024, Col 4](#))

Iain Munro explained to the Committee that –

“We were very concerned about the clear distress and upset that closing the open fund would cause...Our plans for the budget... have been known to the Government since March this year...We could not continue to operate a fund without confidence that the budget would be there to support the decisions that we needed to make, and we were expressing that concern to the Scottish Government during that whole period... a decision-making timescale of 12 weeks meant that we knew that the money was going to run out in the autumn, but we needed to stop receiving new applications by the end of August... I am afraid that our hands were tied and I am very sorry about the upset that was caused. It is regrettable that that happened, but we had no alternative.” ([OR 19 Sep 2024, Col 34-35](#))

In relation to the communication between Creative Scotland and the Scottish Government in the period before the fund was closed, Iain Munro said –

“We had been talking about it for the whole period to August from the start of the financial year, but we increasingly ramped up the dialogue through August in particular... In the immediate run-up to the announcement of closure of the fund, we were sharing the plan and the public communications that we planned to make.” ([OR 19 Sep 2024, Col 35-36](#))

In the [letter submitted in response to the call for views on 9 August 2024](#), Creative Scotland told the Committee that “at the time of writing, we also await confirmation of a further £8.4m of Grant-in-Aid budget originally committed to us by The Scottish Government for 2024-25.”

Iain Munro also talked about “two budget cuts in the current financial year. Those were decisions that were taken by the Scottish Government on restricted funds. One is for place funding of £750,000 for Edinburgh’s festivals, and the other is £1.5 million for the culture collective programme—a total of £2.25 million.”

In a [letter sent to the Committee on 18 September](#), the Cabinet Secretary for Constitution, External Affairs and Culture provided additional information –

“Following passage of the Bill and due diligence on how Creative Scotland intended to use the funding, the vast majority of Creative Scotland funding for 2024-25 was released in April 2024. This was accompanied by a request to Creative Scotland to provide a breakdown of how an additional £6.6 million of Scottish Government funding was going to be deployed.

“This information was received by Scottish Government in June and underwent due diligence before being approved for release. Creative Scotland was notified of this on 03 September following the Deputy First Minister’s

fiscal statement which provided necessary clarity on proposed cross-portfolio budget savings.”

Committee Prebudget Scrutiny Report 2024-25

In last year’s [Pre-Budget Scrutiny 2024-25: Funding for Culture](#) report, the Committee noted that the culture and creative sectors continue to be under financial strain. The Committee also noted that the Scottish Government faces a challenging financial position.

The Committee stated—

“It is clear from our cumulative scrutiny that the risks facing the sector have increased in severity in recent years, while the confidence of the sector has become negatively impacted as it becomes increasingly fragile. We acknowledge the warnings of Creative Scotland that, even with standstill funding, “we will see the decline of the sector in the months and years ahead unless the resourcing equation changes”.”

The Committee’s report explored some of the impacts that are being felt by the sector, including reduced service levels and organisations’ reserves being drawn down. The Committee also noted that cultural organisations are continuing to achieve success despite these challenges.

Government Response

The Cabinet Secretary [responded by letter](#) to the Committee’s report and in this he said—

“Specifically on the budget, which I know has been the focus of the Committee, the Scottish Government will increase funding for Scotland’s culture sector by £15.8m in 2024-2025, as a first step on the path to increasing the funding for the sector by £100m in 5 years. This includes a 3% inflationary increase for our National Performing Companies and an additional £800,000 to sustain the V&A Dundee. In light of a very tough financial settlement, supporting and protecting the Scottish culture sector in this way shows the Government’s confidence in it.”

In subsequent communication after the Committee’s budget scrutiny in January 2024, [the convenor wrote to the Cabinet Secretary](#) requesting that he keep the Committee informed of the further details of the increased culture funding by £100m. She wrote –

“Given the concerns of the sector expressed to us during pre-budget scrutiny, as well as from the evidence we took this month, and as you noted in your own opening remarks, ‘there remains a need for longer-term clarity and confidence’.”

The [Cabinet Secretary’s response](#) indicated that he would keep the Committee updated. He stated that –

“I share your and the sector’s desire for long term clarity and confidence in relation to funding. As I said in my opening remarks the additional £15.8m in 2024/2025 will not rectify the years of standstill funding. However, this commitment to additional funding despite the challenging budget situation signals our confidence in the Scottish culture sector.”

Multi-year certainty

Evidence from the stakeholder panels

Stakeholders reiterated the sector’s desire that progress on multi-year funding should be made. Leonie Bell of V&A Dundee told the Committee –

“we are looking for clarity in December that the funding is coming, when it is coming and what its profile is—as much as anybody can give that over a number of years. There is also the Scottish Government commitment to get the whole sector to a position where we can plan one, two, three, four or five years in advance. That is how V&A Dundee works. We have international markets and we plan major shows that can take three to five years to develop... It is through that that we are more efficient with the funding... To do the best by it, we need the longest view of how regular it will be.” ([OR 12 Sep 2024, Col 12](#))

Liam Sinclair from Dundee Rep and Scottish Dance Theatre set out the difficulties faced by organisations without funding certainty –

“An auditor will ask what your ‘going concern’ status is based on, and, if it is in any way based on an existing regularly funded organisation—RFO—commitment or another annual funding commitment that is currently in question, they may question it. There is a very real tipping-point scenario that could quite quickly start to unravel this autumn, with ‘going concern’ status being questioned by auditors.” ([OR 19 Sep 2024, Col 11](#))

Evidence was also shared regarding the lack of financial certainty Creative Scotland has on which to make decisions on their multi-year funding scheme, with final decisions to be announced in October. Liam Sinclair told the Committee that –

“Creative Scotland is on the precipice of making some important decisions that will shape a huge swathe of the culture sector for years ahead. It needs some budget clarity ... so that it can confidently make decisions in the next few weeks that will reshape the culture sector for years to come.” ([OR 19 Sep 2024, Col 5](#))

Ian Munro, Chief Executive of Creative Scotland also raised this issue. He said –

“the importance of the £100 million, our revisions to our funding framework and the support that we want to be able to provide through the multiyear funding programme in particular... the unlocking of those resources will be transformational ... we do not yet have clarity on the budgets. However, the

importance of that programme is well understood, because it is about planning for confidence for the future.” ([OR 19 Sep 2024, Col 37](#))

Committee Prebudget Scrutiny Report 2024-25

The Committee said that multi-year funding is a “crucial component in providing the culture sector with a longer-term view of how it will be supported, and therefore greater confidence for the future of the sector”.

The Committee expressed concern that “there has been limited progress to date on the Scottish Government’s 2021 Programme for Government commitment to ‘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’”.

The Committee noted that the [Medium Term Financial Strategy](#) published in May 2023 referenced multiyear funding. The MTFS said—

“Adopting a multi-year outlook is key to achieving fiscal sustainability. We will publish refreshed multi-year spending envelopes for both resource and capital alongside the 2024-25 Budget, and extend the Capital Spending Review and Infrastructure Investment Plan period by one year, taking these to 2026-27. This will ensure spending is aligned to the three missions for this Parliament and that it takes account of the fiscal and economic reality at the time.” (p7)

The Committee said that these “refreshed multi-year spending envelopes” should be set out at greater detail than the 2022 Resource Spending Review. The Committee implied that doing so would provide cultural organisations funded directly by the Scottish Government with greater certainty for future planning.

Government Response

The Cabinet Secretary’s response to the Committee stated—

“I continue to recognise the need for organisations to have some sense of the planning horizon. The outlook, following the recent Autumn Statement by the UK Government, is even more challenging for the later years of the Resource Spending Review period. Nevertheless, I know that multiyear figures would help the sector to plan ahead.”

Innovative funding streams

Evidence from the stakeholder panels

Most of the panel discussions on innovative funding streams focussed on how they interacted with the wider issues of funding for the sector, rather than on specific schemes. Lori Anderson from Culture Counts said that while a percentage for the arts scheme is a welcome idea, what the sector also needs is –

“assistance to look at other schemes and programmes. There have been challenges around corporate sponsorship and philanthropy, and there have been collective conversations with Government and the sector about that...We need to look collectively at where funding can be raised in smarter, more innovative and more creative ways.” ([OR 19 Sep 2024, Col 25](#))

Overall funding was also the subject of evidence given by Leonie Bell of V&A Dundee. She said that “We need an understanding of the interaction between all the funding—private, philanthropic and public—and long-term investment. That understanding of how we cohere strategic objectives means that we do the best by that money.” ([OR 12 Sep 2024, Col 12](#))

Caroline Sewell of the Musicians Union agreed that a package of potential funding avenues was needed “but they have to come alongside a really solid baseline of core funding.” While she noted that unions had responded positively to ideas on taxation, the percentage for art scheme and the visitor levy, she also said “I do not think that there is a silver bullet among any of those. What we really need is a strong and smartly funded creative sector—or a smartly invested in creative sector, I should say.” ([OR 19 Sep 2024, Col 24](#))

The issue of potential unintended consequences from funding schemes was discussed by Lyndsey Jackson from Edinburgh Festival Fringe Society. As an example, she told the Committee –

“On the one hand, the transient visitor levy is a great revenue raiser that has been relatively well received, but, on the other hand, its cost will be felt, certainly by fringe artists and by a large number of Caroline Sewell’s musicians as well, who can ill afford to pay an extra 8 per cent or 5 per cent on rooms that are already outwith their reach while they are in town contributing to the economy for a period. We do not have a cultural workers exemption from the levy.” ([OR 19 Sep 2024, Col 25](#))

Ticket levy

The Music Venues Trust raised the issue of a ticket levy in their response to the call for views, suggesting –

“A £1 grassroots investment contribution from every arena and stadium ticket sold to support grassroots music venues, artists and promoters.”

In evidence taken in 2023, [Chris Sherrington from the Music Venues Trust](#) told the Committee —

“At grass-roots level, the average ticket price is £10.90... (to raise additional investment) we would have to increase ticket prices substantially but, when it comes to bookings, artists would not want to increase ticket prices here compared with prices in other areas of the UK. However...just a £1 increase on tickets for shows at the two arenas in Scotland would probably generate £1 million within the year... We could quickly implement a pipeline investment fund that would take money from the top end of the cultural ladder and invest it back into the grass roots.”

This has been a long-standing ask by the MVT. But they have been clear that they are not looking for a tax, rather a voluntary system. Specifically, they are looking for this to fund their own [Pipeline Investment Fund](#). The MVT has had some success with linking up with ticketing websites to enable people to donate, see for example [Skiddle](#). There are also examples, such as band [Coldplay](#), ensuring proceeds from their gigs go to the Music Venue Trust.

When asked about the possibility of additional local powers to generate revenue in this way, Susan Deighan of Glasgow Life asked “why should the responsibility be only on local authorities? The burden would, once again, be on local authorities to collect local taxation to fund what I would suggest are core national assets.” In general, the answers in response to this question suggested that the funding landscape needs to be considered holistically, rather than focussing on specific schemes.

The idea of a stadium levy was considered by the House of Commons’ Culture, Media and Sport Committee earlier this year. In its [inquiry report, published in May](#), the Committee noted that representatives of grassroots music venues (GMVs) “coalesced around the need for a fund that would support GMVs using contributions from bigger players in the sector”. The Committee recommended that the industry introduce a voluntary levy. They also said that the UK Government should introduce a statutory levy if either a voluntary route could not be agreed, or if an assessment of the voluntary levy concludes it is not collecting the income required to support the GMV sector.

Committee Prebudget Scrutiny Report 2024-25

The Committee expressed concern that “there has been no indication of progress made by the Scottish Government” on the Percentage for the Arts scheme. The Committee called for “the Scottish Government to provide a substantive update on its progress towards developing the scheme, with a clear indication of timescales for development and implementation within this parliamentary session.”

On the Visitor Levy, the Committee commented that it will be important that local cultural bodies are represented when decisions on how any revenue for a visitor levy is to be used.

The Committee also explored the levels of private investment. It said that there is an important role for “private investment in providing additional resource for the culture sector, however we also note the views of witnesses that public funding supported by a long-term strategic approach is an important underpinning to be able to leverage this investment from donors and sponsors”.

The Committee looked specifically at the Culture and Business Scotland Fund. It said that this fund “which utilises public funding to leverage private investment in culture, has an important role to play in the Scottish Government’s response to the challenges facing the culture sector, by maximising the impact of limited resources.”

Government Response

In terms of the Percentage of the Arts scheme, the Cabinet Secretary said the Government would “prioritise scoping potential delivery options, in 2024-2025 taking account of analytical, regulatory and legislative considerations”.

In relation to any future visitor levy, the Cabinet Secretary said that it would be up to local authorities to engage with local stakeholders before deciding how to spend any additional revenue.

The Cabinet Secretary said that the Culture and Business Scotland Fund would be increased to £200,000 in 2024-25. This is up from £150,000 in 2023-24 and returns the funding to the 2022-23 funding level.

The first action in the refreshed action plan is to “ensure effective ongoing engagement with the sector and maximise impact of existing public sector support.” It explained further—

“To maximise benefits for the sector and ensure that we are aware of, and can respond to, current and emerging issues for the sector, we are reviewing our strategic engagement with the sector going forward in a way that is agile and ensures the many voices working across the sector are heard and understood.”

The action plan also said that the Scottish Government would continue to lobby the UK Government to maintain certain tax reliefs.

Cross-portfolio working

Evidence from the stakeholder panels

There was a general agreement in the evidence received by the Committee that the culture sector can make a strong contribution to many priorities across Scottish Government portfolios. For Liam Sinclair of Dundee Rep and Scottish Dance Theatre, if –

“we could accelerate some of the cross-portfolio agenda, the culture sector could make an even greater contribution to helping to transform the nation’s fortunes for the future, and to transforming how we are thinking about the myriad challenges that we are faced with. They include the net zero agenda, the health and wellbeing agenda, the education crisis as it relates to additional needs and so on.” ([OR 19 Sep 2024, Col 8](#))

Many of the stakeholders discussed the ways in which “our sector should provide and unlock benefits across other portfolios.” Lucy Casot from Museums Galleries Scotland suggested that “our organisations cannot unlock those benefits ourselves, so there needs to be partnership with the Scottish Government to see whether we can unlock some of the potential.” ([OR 12 Sep 2024, Cols 13-14](#))

The role of the Scottish Government in supporting cross-portfolio work was also raised by Lori Anderson of Culture Counts. She told the Committee “In my view, this needs political leadership. It needs the cabinet secretaries and other departments to come together and be willing to have the conversations about how, across the board, we can make better decisions about strategic investment.” ([OR 19 Sep 2024, Col 25](#))

For other witnesses, the role of the sector itself was equally important. Anne Lyden from National Galleries of Scotland suggested that –

“It is critical that we invite people in other portfolios to have those conversations, because we are delivering in those areas, although they are not aware of it... We could make better use of limited resources by having those conversations directly, so that we understand where we can aggregate and work together to achieve those outcomes and make an impact.” ([OR 12 Sep 2024, Col 26](#))

Lyndsey Jackson of Edinburgh Festival Fringe Society told the Committee that –

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

The potential role of Creative Scotland in supporting cross-portfolio work was also raised by Chief Executive Iain Munro. He suggested that his organisation could be empowered to do more in this area. He noted –

“under the act that set up Creative Scotland, there is a co-ordination role in relation to the creative industries, which is to work with and through other public bodies such as the enterprise bodies to help to create the conditions for the creative economy to grow... If we had a more empowered role that was clearly mandated and resourced, it would shift the equation so that we could intervene more directly in ways that would enable us to continue to work with our key stakeholder partner organisations, but in a different way, to unlock the greater potential. In saying that, I do not seek to steal anybody’s territory, but it is worth having a conversation to take stock of how Creative Scotland can be empowered even more in relation to the delivery of other objectives.”

Creative Scotland, SportScotland and Community Leisure UK commissioned a review of culture, sport and leisure services in Scotland, focusing on services provided by local government or ALEOs. This is part of the work to “map local authority support for culture” which was part of the 2020 strategy and has been a piece of work that the Committee has been interested in previously. The [subsequent report was published on 17 September](#) and found overall that the review, “paints a very challenging picture for culture, sport and leisure services”. It continued—

“Sector leaders spoke of their concerns that the current landscape is no longer sustainable, and that long term funding reductions have now meant that there is little left to do other than withdraw services and close facilities.

With the pressures facing local government likely to continue, this need for transformational change is ever more urgent.”

Committee Prebudget Scrutiny Report 2024-25

The Committee previously commented that it “has heard some individual examples of where budgets outwith the culture portfolio are supporting cultural activities, however respondents were also clear that overall progress towards implementing a whole-system approach with cross-portfolio funding for culture has been limited.”

The Committee expressed concern at an apparent lack of progress in “mainstreaming culture across portfolios and developing cross-portfolio funding for culture.” The Committee said—

“There is a need for much greater urgency from the Scottish Government to make substantive progress towards cross-portfolio funding for culture. We agree with stakeholders who suggested that we need to see an “active pathway” towards this, and we strongly urge the Scottish Government to set out detailed plans for the steps it will take to achieve tangible year-on-year progress on cross-portfolio funding models when it publishes its refreshed Culture Strategy Action Plan later this year.”

Government Response

The Cabinet Secretary’s letter stated—

“I have been actively engaging across government to mainstream culture in policy making, prioritising health and education in the first instance. The positive impacts that Culture has on the nation’s health and wellbeing cannot be overstated. By recognising the transformational power of culture and the value of the contribution it makes to achieving key policy outcomes the Scottish Government will deliver significant benefits for the people of Scotland.”

More details on the Government’s plans in this respect are set out in the [refreshed Culture Strategy Action Plan](#), in the chapter titled *Transforming through Culture*. The action plan said the Government will “formalise cross-government connections between Culture and Health officials via our recently established Scottish Government Culture and Health working group.” It also said that the Government has established a new Culture and Creativity in Learning Group which “aims to co-ordinate the Scottish Government’s links between education, culture and relevant stakeholders, involving the voices of both young people and practitioners.”

Proposed review

Scottish Government policy

In a [letter sent to the Committee on 18 September](#), the Cabinet Secretary for Constitution, External Affairs and Culture provided the following additional information on the proposed review of funding for the sector and Creative Scotland.

This information was provided after the first stakeholder session, but in advance of the second. He said –

“Scoping of the review is at an early stage. The Scottish Government sector support review will consider ways to maximise the impact of available public funding for culture, and work with private and third sector partners to examine ways to grow the overall funding pot, diversify funding streams and support the sector to become more sustainable. Public sector support for culture in Scotland goes beyond funding and the review will also consider what can be done to help the sector to navigate current and future challenges and make the most of opportunities for collaborative working.

“Creative Scotland is the main distributor of the Scottish Government’s culture sector funding and a review of Creative Scotland is a necessary part of the wider piece of work about how the culture sector is supported. The Creative Scotland review will be collaborative and will necessarily involve Creative Scotland. The Scottish Government can confirm at this stage that the review will cover all support that Creative Scotland provides to the culture sector including through Screen Scotland.”

[Scottish Government relationships with public bodies: progress review](#) was published in 2022 with the aim of improving how the Scottish Government manages its relationships with public bodies. While the 14 recommendations do not directly relate to the type of review discussed in the Cabinet Secretary’s letter, recommendation 5 gives some indication of the strategic nature of these relationships –

“Portfolio Accountable Officers should ensure that each NDPB and agency in their area of responsibility has in place a well-developed performance framework that sets out Ministers’ priorities within the overall National Performance Framework outcomes, defines as clearly as possible how success will be measured and ideally covers expectations over several years. This performance framework would usually be a central feature of the body’s Corporate Plan and should be aligned with a medium-term financial plan and the projected budget for the public body.”

UK Government review

[Last week it was reported that](#) the UK Government “is continuing with a review into Arts Council England as well as a review of the funding landscape” for the culture sector. The review of Arts Council England was originally [announced by the previous UK Government in March 2024](#). It is not currently clear what the review of the wider funding landscape will entail. In a [PQ submitted through the House of Lords in September 2024](#), a question was raised regarding the government spending on arts and culture. Baroness Twycross answered that –

“The government will work with arm’s-length bodies and the cultural sector at large to understand their needs and the pressures on culture and creativity in the UK - and work to put them on a more sustainable footing.”

Evidence from the stakeholder panels

While there are few details on the potential scope of the proposed review, stakeholders were asked for their opinions on the issues that they believed should be included. The general focus of many of the comments was on the need to take a wider look at funding for the sector as a whole. Caroline Sewell of the Musicians Union told the Committee –

“We need to take a look at arts funding and investment in the round; we need to look at how local authority funding interacts with Creative Scotland funding, how each of the streams can work for one another and balance out, and how they interact with the culture strategy and action plan. We perhaps have to get away from thinking about what we can do within the confines of the funds that are available and start thinking instead about what we want to do and matching the funding with the activity.” ([OR 19 Sep 2024, Col 10](#))

The idea of the review being used to redefine how funding mechanisms relate to strategic priorities was brought up by a number of witnesses. For example, Susan Deighan from Glasgow Life suggested to the Committee –

“The Scottish Government has produced a cultural strategy and an action plan for it. Is the review also about where the leadership sits for the delivery of that action plan? ... My contribution is that it would be helpful for the wider cultural sector to understand how to deliver the ambition set out in a national cultural strategy, the actions identified in the action plan and how the funding flows through that to deliver the outcomes that are set out. That would be my suggestion.” ([OR 12 Sep 2024, Col 6](#))

Other comments made by stakeholders related specifically to the proposed review of Creative Scotland. Iain Munro, Chief Executive of Creative Scotland, told the Committee that “In the context of the prospect of £100 million funding, a review of how the sector is supported is to be welcomed.” He explained that while the specifics of the review were not yet known, he expected it to be about “our purpose as opposed to our performance—alongside whoever else is part of the publicly funded cultural landscape in Scotland.” ([OR 19 Sep 2024, Col 36](#))

Lori Anderson of Culture Counts said to the Committee that she believed the timing was right to look at Creative Scotland’s remit and how it fits with the wider culture strategy. She expressed concerns that the budget would again provide standstill funding to the sector, and as a result “Scotland’s cultural landscape will look very different and some adjustments might need to be made.” She suggested that the review could ensure that both Creative Scotland and the Scottish Government would be in a better position to support the culture sector. ([OR 19 Sep 2024, Col 7](#))

For Lyndsey Jackson of Edinburgh Festival Fringe Society, the hope expressed was that the review of Creative Scotland would result in a “more nuanced approach.” Instead of the Scottish Government setting out specific agendas that those applying for funds must deliver against, she said that the sector needed funding streams “that have space for us to take risks, try things and fail” and that risk often pays off. ([OR 19 Sep 2024, Col 22](#))

There was a consensus across the evidence heard by the Committee that in terms of Creative Scotland's current funding programmes, business as usual needed to be maintained during any process of review. Leonie Bell of the V&A Dundee noted that "no one wants the review to detract from the urgent issue that organisations and individuals across the sector do not know whether they will be funded from next spring, or even sooner." ([OR 12 Sep 2024, Col 5](#))

Liam Sinclair from Dundee Rep and Scottish Dance Theatre said –

"Now, my sense is that the relationship between Creative Scotland and the Government needs a bit of strengthening at this point, but if it is the case that business as usual has to continue and, therefore, funding and development operations have to continue, that requires a really strong relationship. We cannot have a funder being told to do business as usual, when the sense in the background is that that is being questioned at every turn, including by the Government. That way lies chaos, frankly." ([OR 19 Sep 2024, Col 14](#))

Iain Munro told the Committee that "the review is not intended to disrupt our current plans for delivery, so we should remain focused on what we intend to do." ([OR 19 Sep 2024, Col 41](#))

Fair Work

Scottish Government policy

In December 2022 the Scottish Government published an updated [Fair Work action plan: becoming a leading Fair Work nation by 2025](#). Following this, in March 2023 they published [Fair Work First guidance](#). This guidance "is intended for those who are involved in awarding public sector grants, other funding and public contracts as well as those who receive funding through public sector grants, sponsorship arrangements with the Scottish Government and/or are involved in the delivery of contracts." Fair work, as a result, must be followed by Creative Scotland with its own employees, as well as being funding criterion [for their grants](#).

Evidence from the stakeholder panels

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. Caroline Sewell of the Musicians Union told the Committee that "There is probably not a sector more desperately in need of a fully functioning and rolled-out fair work agenda—whatever that ultimately looks like—than ours." She also discussed the example of working musicians, for whom –

"Almost half... have reported that they earn less than £14,000 a year. That is from the musicians census of 2023. It is a stark figure, which paints a picture of just how much some of our members are on a knife edge when it comes to their ability to earn sufficiently from their work." ([OR 19 Sep 2024, Col 4](#))

While none of the stakeholders disagreed with the need for fair work practices across the sector, the current impact of the agenda on struggling organisations was raised by Lucy Casot of Museums Galleries Scotland. She told the Committee that –

“some organisations are now excluded from applying for any funding because they are unable to follow those practices.” ([OR 12 Sep 2024, Col 20](#))

The Committee also heard from stakeholders that there are challenges in the sector to attract and retain staff, as well as skills shortages, that go beyond the fair work principles. Leonie Bell of V&A Dundee described “a growing sense that, unless we think about a dynamic range of opportunities for people within and outwith organisations, we are going to lose talent across the generations.” She summarised the evidence heard by the Committee when she said –

“Everybody else is talking about the fact that the sort of workforces that we have in our teams are, yes, creative and cultural, but they are also maintenance, information technology, human resources and finance. We are all probably experiencing significant strain in maintaining staff in the jobs for which there are highly competitive market salaries, across finance and HR, and IT especially, where graduates are commanding almost the equivalent of culture sector final salaries.” ([OR 12 Sep 2024, Col 22](#))

Lucy Casot brought up the related impact of the difficult financial situation on the wellbeing of staff in the sector. She noted that “There is a constant feeling of being on the edge of a precipice—precipice fatigue is real, and staff wellbeing is a concern throughout the levels.” She described the difficulty in attracting staff to organisations that are in a precarious financial position, struggling to provide job security, pay awards or adequate pensions. ([OR 12 Sep 2024, Col 20](#))

Operating costs of Creative Scotland

Last week the Committee explored the operating costs of Creative Scotland. Iain Munro said—

“As a public body, we are required to follow the public sector pay policy, which is attached to the pay increases that have been talked about. The staff of Creative Scotland are public servants and are part of the overall landscape of public sector pay policy, which we follow. ... We consider efficiencies as a matter of routine, and that is reinforced through the public sector reform agenda, to which all public bodies are subject. We delivered 3 per cent efficiencies last year, and we will do more of the same this year. We will continue to look at what more we can do to ensure that Creative Scotland is efficient and meets the requirements that are set for us, as a public body, through the overall public sector reform agenda.” ([OR 19 Sep 2024, Cols 39-40](#))

Creative Scotland’s annual plan sets out the planned costs for the year ahead. The table below shows the planned expenditure on operating costs, the planned total expenditures and planned operating costs as a percentage of the total planned expenditure. There was no annual plan in 2020-21 due to the pandemic, but using

this data allows us to look at the current year and make comparisons to previous years.

	2019-20		2021-22	2022-23	2023-24	2024-25
Total Operating Costs	£9,982,323		£11,296,000	£11,598,041	£12,278,000	£12,938,011
Total Expenditure	£93,790,976		£95,150,000	£103,118,605	£96,271,000	£107,714,873
%age of Operating Costs	10.6%		11.9%	11.2%	12.8%	12.0%

Comparing 2019-20 to 2024-25, we see that planned operating costs was lower as a percentage of total expenditure in 2019-20 than after the pandemic. In real terms the planned total operating costs increased around 8% between 2019-20 and 2021-22. How the data was presented between these years was changed, particularly in relation to Screen Scotland and therefore tracking the changes in Creative Scotland's budgets is not straightforward. Looking at Creative Scotland's group annual reports 2019-20 and 2021-22 (ie outturns) there is significantly increased reported expenditure on ICT (+£841,000).

Since 2021-22, operating costs in real terms and as a proportion of total expenditure have been more stable. The planned operating costs in 2024-25 are 0.2% higher in real terms than 2021-22.

Salaries account for around two thirds of the total operating costs of Creative Scotland. Public sector pay policy will be a key driver of the costs of running Creative Scotland. However some aspects of non-staffing costs appear to have increased compared to pre-pandemic, these include ICT, but also "Knowledge & Research".

Laura Haley, Researcher, & Ned Sharratt, Senior Researcher, SPICe
30 September 2024

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