

Constitution, Europe, External Affairs and Culture Committee
Thursday 9 January 2024
1st Meeting, 2025 (Session 6)

Budget Scrutiny 2025-26

1. The Committee published its [Pre-Budget Scrutiny 2025-26: Funding for Culture](#) report on 11 October 2024. It received responses to the report from the [Cabinet Secretary for Constitution External Affairs and Culture](#) on 11 December, after the Scottish Budget for 2024-25 was published on 4 December, and from [Creative Scotland](#) on 19 December.
2. At this meeting, we will take evidence from—
 - Anne Lydon, Director General, National Galleries of Scotland
 - Adrian Turpin, Creative and Strategic Director, Wigtown Festival Company
 - Katerina Brown, Chief Executive, Historic Environment Scotland
 - Fiona Sturgeon Shea, Chair, Culture Counts Steering Group

And then from —

- Robert Wilson, Chair of the Creative Scotland Board
 - Anne Langley, Executive Director of Operations, Creative Scotland
 - Alastair Evans, Director of Strategy, Creative Scotland
3. This meeting will provide an opportunity for Members to follow-up with culture sector stakeholders on the extent to which the Budget responds to the challenges facing the sector and the issues highlighted in the Committee's pre-budget report.
 4. At its next meeting, the Committee will take evidence from the Cabinet Secretary for the Constitution, External Affairs and Culture.
 5. A SPICe briefing is provided at **Annexe A**. The response from the Cabinet Secretary to the Committee's pre-budget scrutiny report is attached at **Annexe B**. Written submissions from National Galleries of Scotland and Culture Counts are attached at **Annexe C**. The response from Creative Scotland is attached at **Annexe D**. Any further submissions will be provided as late papers.

Clerks to the Committee
January 2025



Constitution, Europe, External Affairs and Culture Committee

9 January 2025

Budget scrutiny 2025-26

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.

The Committee published its [report on its pre-budget scrutiny on 11 October 2024](#). The themes the Committee has explored in the pre-budget have been similar to the work of the Committee on this topic since the start of the session. This year the themes of the Committee's work were considered through the lens of two policy commitments made by the Scottish Government:

- The commitment to provide £100 million more to the sector annually by 2028/29, and
- The announcement of a review of funding mechanisms to the sector.

The [Scottish Budget 2025-26](#) was published on 4 December 2024.

The Committee this week will be hearing from a panel of stakeholders, followed by a separate panel with Creative Scotland. The Cabinet Secretary will attend the Committee meeting next week. A separate paper will be prepared for that meeting.

The first part of this paper sets out an overview of the budget relating to culture and the historic environment, followed by information on relevant outcomes. The second section will provide background information on some key themes. A final section focuses on the Committee's budget work to date including the prebudget report and the Scottish Government's response to this.

Budget 2025-26

Overall funding to culture

The Scottish Government's budget said—

“We have honoured our commitment to the culture sector with an increase of over £50 million compared to 2023-24, meaning that we have now delivered half of the £100 million increase we committed by 2028-29. The increase of more than £34 million this year results in the biggest increase in culture funding in the history of this Parliament after Covid recovery support.” (p100)

In the budget overall, the presentation of the budget figures is different this year. The 2024-25 figures are presented after adjustments made at the Autumn Budget Revision (ABR) and data for 2023-24 is provided as Outturns. Up to this year the previous years' figures have been presented as at the budget (i.e. comparisons were budget-to-budget).

The following table sets out the Level 2 budget lines.

Table 12.01: Spending Plans (Level 2)			
Level 2	2023-24 Outturn £m	2024-25 ABR Budget £m	2025-26 Budget £m
Arts and Culture	193.8	195.2	238.1
External Affairs	25.2	26.3	27.6
Historic Environment and Architecture	73.1	76	75.7
National Records of Scotland	32.3	35.1	34.4
Total Constitution, External Affairs and Culture	324.5	332.6	375.7
<i>of which:</i>			
<i>Total Fiscal Resource</i>	265.7	288.2	321.3
<i>of which Operating Costs</i>	15.3	16.1	17.2
<i>Non-cash</i>	18	19.2	19.9
<i>Capital</i>	26.4	25.2	34.5
<i>Financial Transactions (FTs)</i>	-0.6	–	–
<i>UK Funded AME</i>	15	–	–

The majority of the increased funding has been resource funding (for day-to-day activities). The 2025-26 budget also saw an increase in the capital of £9.35m compared to 2024-25.

The Government's commitment to increasing the spending on by £100 million on arts and culture was in cash terms. In cash terms the resource funding in the Cabinet Secretary's portfolio increased by 21% compared to the outturn on 2023-24. In real terms the increase is 15%.

Changes to National Insurance Contributions

In the October UK Budget, the Chancellor announced plans to increase employer national insurance contributions (NICs) from 13.8% to 15% and reduce the threshold at which they become payable (from £9,100 to £5,000). Acknowledging that this would have significant cost implications for public sector employers, the Chancellor said that public sector employers would be compensated for the associated costs. The UK government also committed to providing compensation to the devolved administrations, but did not provide details of the amounts that would be provided.

The [Scottish Government has since published its own estimate](#) of the related costs, which it puts at between £550 million and £760 million (in 2025-26), depending on the scope of which employers are included. The UK government has yet to confirm the amount that will be provided, but [media reports](#) suggest a much lower figure, in the region of £300 million. The Scottish Government has not accounted for the increase in NI contributions in the budget.

Staffing is a key cost to the culture and heritage sectors. Changes to national insurance costs may affect the public sector as well as the third and private sectors. National Galleries of Scotland discuss their concerns regarding the rising cost of staffing in their submission to the Committee. Members may wish to explore the potential impact of this change with the panels and their thoughts on this.

A further breakdown of the budget for the culture portfolio area covering level 3 figures is provided as Annexe 1 to this paper.

Outcomes

The National Outcome for Culture is:

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

The National Performance Framework includes four indicators under Culture. These are:

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

Attendance and Participation

The indicators under attendance and participation are taken from the Scottish Household Survey. The results of the 2023 SHS have been published recently, although at the time of writing, the NPF has not been updated. The results of the

2022 & 2023 surveys are not directly comparable to SHS results for 2021 and 2020 telephone surveys. Those years have been removed from the analysis.

Attendance at cultural events and visiting places of culture in the last 12 months by year

	2018	2019	2020	2021	2022	2023
						%age
Any excluding cinema	74	74			65	69
Any including cinema	81	81			74	76

Participation in cultural activities in the last 12 months by year

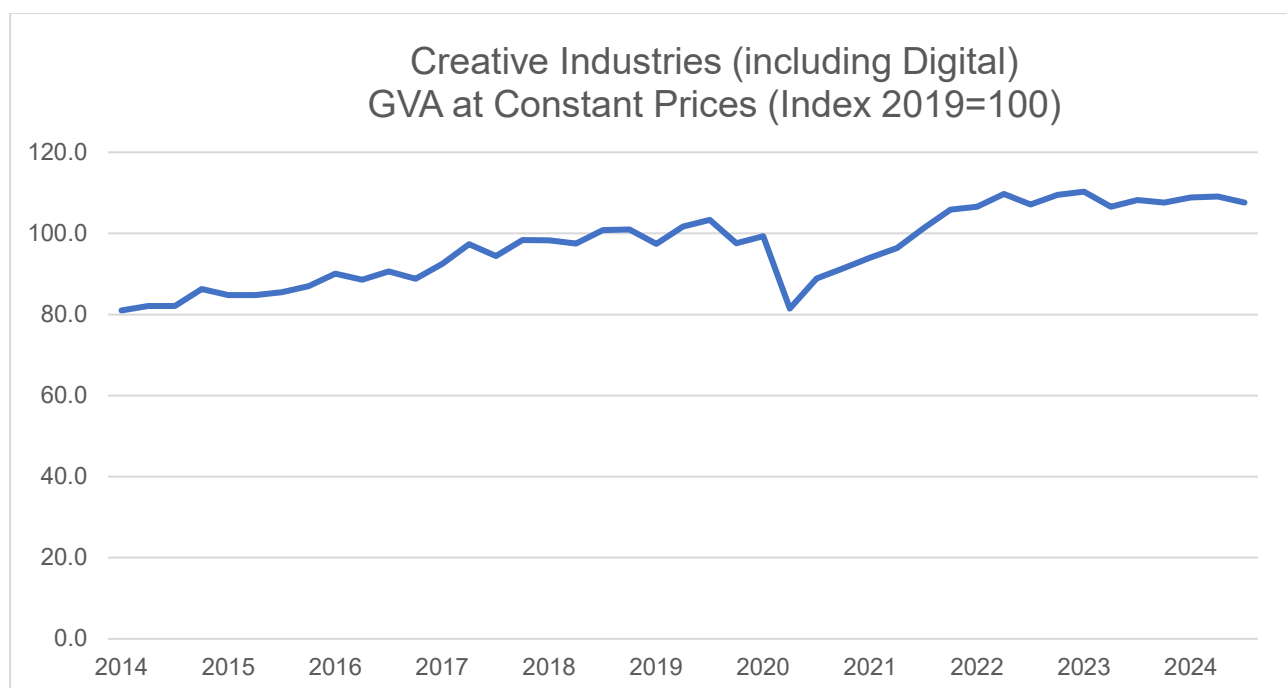
	2018	2019	2020	2021	2022	2023
						%age
Any excluding reading	53	52			51	50
Any including reading	76	75			75	74

The percentage of people who attended cultural events in 2023 was lower than before the pandemic. Overall, participation appears to have returned to close to pre-pandemic levels.

Tables including attendance and participation at types of events/places and cultural activities are included in Annexe 2 to this paper. Members may wish to explore with witnesses how their areas of arts and culture are supporting greater attendance and participation.

[Growth and Employment](#)

Data on the estimated GVA of the Creative Industries (including Digital) is taken from the Scottish Government's [Industry statistics](#). The Chart below shows the growth of the sector in the past ten years.



Since 2022, growth in this sector has fluctuated. A paper by the Office of the Chief Economic Adviser¹ commented:

“The latest GDP data² show that output in the Creative Industries sector decreased by 1.4% across the most recent quarter, with output across the economy as a whole increasing by 0.3%. Compared with the same quarter in the previous year, output in this sector decreased by 0.6%, with output across the economy as a whole increasing by 0.9%, comparing Q3 2024 to Q3 2023.”

The same paper stated—

“Employment in the Creative Industries sector stood at 90,000 in 2023, accounting for 3.4% of employment in Scotland and 5.4% of employment in Creative Industries across Great Britain. Employment in this sector increased by 2.3% over the latest year in Scotland. ... In 2023, employment in the Creative Industries sector was highest in Glasgow City (25,065) and City of Edinburgh (23,065), which comprised 27.9% and 25.6% of employment in this sector respectively.”

It is not clear how the data the paper above quotes relates to the measure of employment that the NPF uses; it appears to be a different measure. The [indicator](#)

¹ Word Document:

https://www.gov.scot/binaries/content/documents/govscot/publications/statistics/2019/07/industry-statistics/documents/creative-industries/creative-industries/govscot%3Adocument/Creative%2BIndustries%2B-%2BSector%2BBriefing_16Dec24.docx

² The index represents the volume of GVA created compared to the ‘base’ year (currently 2019). Figures are deflated to remove the effect of price changes over time to produce an estimate of real terms (or constant price) growth. The figures are seasonally adjusted to remove the effects of regular, calendar based cycles in certain industries.

[on the NPF has not been updated since July 2023. At that time, referring to 2022 data, the NPF stated—](#)

“In 2022, employment in Scotland’s arts, culture and creative industries sector was 155,000, down by 10,000 (5.9%) on 2021. The decrease over the latest year was driven by a fall in jobs in the Heritage and Digital Industries sub-sectors.”

Scottish Government funding commitment

During the [statement introducing the 2024-25 Scottish Budget](#) on December 19 2023, the Cabinet Secretary for Finance Shona Robison confirmed the Scottish Government commitment of “investing at least £100 million more in the arts and culture by 2028-29.”

This followed an initial announcement of additional funding made at the [SNP party conference in October](#), and a number of references to this additional funding by the Cabinet Secretary for Constitution, External Affairs and Culture, Angus Robertson in the Chamber, the earliest of which took place in [an answer to a portfolio question on 25 October 2023](#).

The commitment to invest ‘at least £100 million’ was discussed by Angus Robertson in the [December 2023](#) letter to the Committee in response to their pre-budget scrutiny. He stated that:

“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... 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 response to this, the Committee requested in their [January 2024](#) letter that the Cabinet Secretary “keep us informed of the further details of the increased culture funding by £100m.” The Cabinet Secretary, in his response to the Committee’s letter in [February 2024](#), agreed to keep the Committee updated.

In his letter to the Committee in [December 2024](#), following the publication of the pre-budget report, he provided the following update on the progress of this funding commitment –

“The Government has clearly demonstrated its confidence in, and commitment to, the sector by proving a further £34 million in 2025/26 taking the uplifts to date to £50 million a year – halfway to the intended £100 million more annually by 2028/29 with an aim for a further £20 million in 2026/2027 subject to the usual Parliamentary procedures.”

Review of support to the culture sector

On 4 September 2024 the First Minister announced [Programme for Government 2024-25: Serving Scotland](#). The Programme included a number of commitments relating to the culture sector, including –

“Review the way the culture sector is supported, including a review of Creative Scotland as part of our commitment to ensuring excellence in Scotland’s public services. This will also help to ensure the distribution of additional funding in the most effective way possible.”

In a [letter sent to the Committee on 4 September](#), the Cabinet Secretary for Constitution, External Affairs and Culture provided the following information on the proposed review:

“The announcement to review CS is related to the need to ensure that the remit and functions of CS remain relevant given the body was established in 2010 and the ever changing cultural landscape. I believe that it is important to undertake a review of CS now as part of a review of how the culture sector is supported more broadly. Given the Scottish Government’s commitment to increasing culture funding by £100m by 2028/2029 the Scottish Government wants to ensure that the additional funding can be used to best support the culture sector.”

Following the Committee’s [report on its pre-budget scrutiny on 11 October 2024](#), the Cabinet Secretary [wrote to the Committee](#) with additional details of the review. He confirmed the following points:

- It will be undertaken independently of the Scottish Government and Creative Scotland
- It will consider whether the remit and functions of Creative Scotland as set out in the Public Services Reform (Scotland) Act 2010 continue to be relevant for the culture sector today
- A Chair will be appointed shortly and begin work in early 2025. The aim is for them to publish recommendations by the summer of 2025.
- There will be an opportunity for the culture sector to engage in the review
- A survey will be launched in early 2025 to seek “views about how and why the culture sector is supported and what the sector thinks needs to change to best meet its needs going forward. Responses will inform the scope of both the review of culture sector support in Scotland and the review of CS.”
- “The Government welcomes ongoing engagement with the Committee throughout the course of this work and will draw on your previous evidence and reports. The Committee will receive further information on the survey once it is launched.”

Members may wish to explore the potential scope of the review with the panels and their thoughts on this.

As indicated in the PfG there are plans for a wider review of the Culture sector. The [Cabinet Secretary's recent letter to the Committee](#) stated—

“The Government is also carrying out a review of how the culture sector is supported to maximise the impact of this significant investment. The review will look at public funding and working across the public, private and third sectors to grow the overall funding pot for culture, diversify funding streams and supporting the sector to become more sustainable and resilient in the face on ongoing challenges.”

Screen Scotland

Screen Scotland is part of Creative Scotland and aims to drive development of all aspects of Scotland's film and tv industry, through funding and strategic support.

In the [Programme for Government](#), one of the commitments made was to—

“Support Screen Scotland to deliver on its Strategy to 2030, ensuring the screen sector can reach our goal of £1 billion Gross Value Added to the Scottish economy by 2030.”

[Screen Scotland's strategy](#) seeks to further develop Scotland as a centre of global production, and a nation with its own vibrant, confident film and screen culture.

Ringfenced funding for Screen Scotland is a budget line in the level 4 figures shown in Annexe 1. The budget will increase from £9.3m in 2024-25 (as at the ABR) to £11.3m in 2025-26. This is an increase of £2m – a 21.5% uplift.

One of the actions in the Strategy to 2030 is to –

“Continue to work through the BBC/Creative Scotland/Screen Scotland Memorandum of Understanding (renewed for a further three years at the end of 2022) to enable the collaborative development and delivery of a range of flexible business development/supplier development initiatives.” (p.37)

The Memorandum of Understanding (MOU) sets out how together they intended “to build a sustainable television industry in Scotland and to improve the on-air representation and portrayal of Scotland and its people”. A news release at the time of the renewal stated—

“The renewed Memorandum of Understanding (MOU), will see the BBC and Screen Scotland jointly invest £3million to support the production of new TV drama, entertainment, scripted comedy, documentary and factual formats on

the BBC's network television services from Scotland and to develop the skills and talent required to devise, develop and produce those new shows.”

In May 2024 BBC Comedy, BBC Scotland and Screen Scotland [announced a range of co-ventures designed to support the comedy sector in Scotland](#).

This followed an announcement in November 2023 of a commitment to [co-funding the development and production of a new factual entertainment and history series format from Scotland](#). The outcomes from these agreements take time to come to fruition are not directly reported on in the annual reports of the organisations. This means that it is not always possible to directly trace the impact of the MoU on the sector in Scotland.

The Committee will be holding an evidence session with the BBC on 23 January 2025. Therefore, they may wish to explore the MOU with Creative Scotland ahead of this subsequent meeting.

Committee report and the Government's response

The Committee's pre budget report was published on [11 October 2024](#).

This report was in three substantive sections. These were:

- The delivery of additional funding in Budget 2024-25
- The need for greater clarity and certainty of future funding; and
- A strategic approach to maximise the impact of increased funding.

The Government's response to the Committee was issued on [11 December 2024](#).

This section will highlight the findings and recommendations of the Committee under these headings along with the Government's response to these.

The delivery of additional funding in Budget 2024-25

Committee Report

The Committee welcomed the Scottish Government's continued commitment to increase investment in culture by £100 million annually by 2028-29, including “the additional funding provided in Budget 2024-25 as a first step towards the £100 million increase.” They went on to invite the Cabinet Secretary to —

“respond to the comments from several stakeholders that the two tranches of £6.6 million provided to Creative Scotland as part of the £15.8 million increase for 2024-25 could not be regarded as “new’ money” for the sector. We also invite the Cabinet Secretary to explain the rationale for the £2.25 million in-year cut to Creative Scotland for its PLACE and Culture Collective

programmes, and how this is consistent with the commitment to increase funding for the culture sector by £100 million.”

Regarding the proposed uplift of at least £25million for budget year 2025-26, the Committee welcomed this and also acknowledged “that it is clear from the evidence the Committee received that the culture sector is expecting this commitment to be fully delivered in the forthcoming Budget.”

The Committee raised concerns about the temporary closure of the Open Fund for Individuals, stating that it was “unhelpful in the context of the already urgent need to restore confidence in the culture sector.” The report stated that:

- “We would reassurances from both the Scottish Government and Creative Scotland that lessons have been learned from this process which caused significant uncertainty in the culture sector.”
- “the Committee’s view is that there is a need for a substantially improved relationship between Creative Scotland and the Scottish Government.”

Government Response

The Cabinet Secretary’s letter stated —

“The Government has clearly demonstrated its confidence in, and commitment to, the sector by proving a further £34 million in 2025/26 taking the uplifts to date to £50 million a year – halfway to the intended £100 million more annually by 2028/29 with an aim for a further £20 million in 2026/2027 subject to the usual Parliamentary procedures.”

In regards to the two tranches of £6.6 million provided to Creative Scotland, the Cabinet Secretary’s letter noted that the funding uplift to Creative Scotland’s budget for 2025-26 was —

“in addition to £6.6 million to bridge CS’ historical shortfall in National Lottery funding which the Scottish Government has provided since 2018/19. The Government was not able to provide this in 2023/24 given wider budget pressures and therefore provided £13.2 million in 2024/25 covering the National Lottery Shortfall funding for 2023/24 along with the £6.6m for 2024/25. From 2025/26 this £6.6 million is base lined in the CS multiyear funding budget.”

In relation to the PLACE and Culture Collective programmes, the letter explained that these funds were not continued as “funding was reallocated within the culture budget to meet in-year financial pressures.” The letter also explained that both programmes had been due to conclude. The Cabinet Secretary went on to state that the Scottish Government intends to relaunch the Culture Collective programme “with £4 million in 2025/26.” The budget also includes —

“a further £4 million funding for Scottish Festivals. This funding will allow the doubling of the EXPO Festival Fund to expand its reach beyond festivals in Edinburgh and Glasgow; recognising the importance of festivals across

Scotland in providing opportunities for the wider culture sector, along with funding to develop and deliver work under the Strategic Partnership for Scotland's Festivals."

The Cabinet Secretary noted the concerns the Committee raised regarding the temporary closure of 2024/25 Open Fund for Individuals. He also stated that —

"Looking forward, CS will continue to offer open access funding opportunities for both individuals and organisations using National Lottery funding in the main."

In terms of the relationship between Creative Scotland and the Scottish Government the letter suggested that —

"The Scottish Government enjoys a good working relationship with CS both at an official level and with Scottish Ministers. The sponsorship function is working well with quarterly meetings with Scottish Ministers and meetings more frequently between the sponsorship team and CS senior officials."

The need for greater clarity and certainty of future funding

The Committee explored two topics under the theme of future funding for the sector:

- The longer-term outlook for the delivery of the £100 million funding commitment, including priorities for the additional investment, and how it will be delivered; and
- Multi-year funding settlements for cultural organisations as a means to providing greater certainty and confidence, including Creative Scotland's forthcoming Multi-Year Funding Programme for 2025-28.

Committee Report – outlook

The Committee report acknowledged the "challenging fiscal environment continuing to face the Scottish Government," while noting that for the culture sector –

"confidence remains low due to the lack of clarity from the Scottish Government regarding its priorities for the additional investment and how it will be rolled out in the years to 2028-29... the Committee's view is that the Scottish Government should provide greater clarity and certainty to the culture sector following the UK Spending Review."

The Committee also said that –

"in setting out the welcome indicative increase of at least £25 million for 2025-26, we note that the Scottish Government could have provided greater clarity to the culture sector by also setting out further details of how this proposed funding would be intended to be delivered."

Government Response – outlook

The Cabinet Secretary noted in their letter that he “understands the culture sector looking for clarity.” The letter shares the Scottish Government’s planning assumption that they –

“aim to provide a further £20 million in 2026/2027 subject to normal parliamentary procedure. We will only be able to confirm these aims once the SG receives the budget allocation from UKG.”

The letter explains that the announced review of funding for the culture sector will “grow the overall funding pot for culture... supporting the sector to become more sustainable and resilient in the face on ongoing challenges.”

Committee Report – multi-year funding

The Committee stated in their pre-budget report that it –

“reiterates its concern that there has been limited progress on the commitment made in 2021 to agree 3-year funding settlements for the organisations funded directly by the Scottish Government.”

The recommendation goes on to acknowledge “the challenging fiscal environment continuing to face the Scottish Government,” while recognising that providing a multi-year outlook for key organisations “would help maximise the value and impact of funding and instil a greater confidence within those organisations, as well as the wider culture sector.” It also stated that the Committee’s view is “that the Scottish Government should provide greater clarity and certainty to the culture sector following the UK Spending Review.”

The report also addressed Creative Scotland’s multi-year funding programme, especially the delay in announcing which organisations would receive funding. The Committee agreed that it was “sensible” that the final decision will be made “when Creative Scotland will have greater clarity around its budget allocation,” although also found that it was –

“regrettable that the postponement of announcing the Multi-Year Funding Programme outcomes until January 2025, a matter of weeks before those decisions were scheduled to be announced, has led to yet more uncertainty for the culture sector.”

The report goes on to note that the reason for the delay provided by the Cabinet Secretary, that of “the interdependence of the Scottish Budget with the UK Budget,” was not the first time this has had an impact on Creative Scotland’s Multi-Year Funding process. It recommended that –

“the budgetary process of Creative Scotland and the wider culture sector may benefit from being brought in-sync with the Scottish Budget process. This should be considered as part of the review of the way the culture sector is supported.”

The Committee also invited Creative Scotland to consider the feedback from witnesses to the Committee who had found the application process for multi-year funding to be “unduly burdensome, having required significant resources within the sector which could have been better directed elsewhere.”

Government Response – multi-year funding

The Cabinet Secretary, in their letter to the Committee, addressed the potential for multi-year funding when he stated that he –

“welcomes the UK Government’s commitment to holding regular multiyear spending reviews and hope this provides greater clarity and certainty over the Scottish Government’s funding position, helping support a multi-year approach to budgeting.”

On the topic of Creative Scotland’s multi-year funding the letter confirms that –

“the Government has set out £20 million in the draft budget for the multiyear funding programme in 2025/2026 and aims to provide a further £20 million in 2026/27 – taking the uplift to £40 million a year from 2026/27 subject to usual Parliamentary procedures. I have written to the Chair of CS to confirm this.”

A strategic approach to maximise the impact of increased funding

Committee Report

The Committee report states it “agrees that there is a need, particularly within the current financial climate, for the Scottish Government to take a strategic approach to the delivery of additional funding for the culture sector.” The report also notes that the Culture Strategy Action Plan “did not reflect the commitment to increase investment in the culture sector by £100 million annually by 2028-29.” It therefore recommends that there –

“remains a need for the Scottish Government to set out a strategic framework for supporting the prioritisation of additional funding and maximising its impact.”

The forthcoming review was noted as “a useful opportunity to respond to this need.”

The Committee made several recommendations in relation to the forthcoming review of how the culture sector is supported. These included:

- “it is key that this review does not delay the delivery of additional investment, including the planned increase of at least £25 million for 2025-26.”
- “that the planned review of Creative Scotland should review the provisions of the Public Services Reform (Scotland) Act 2010 which established Creative Scotland, including its statutory role and responsibilities. The review should also consider where Creative Scotland sits within the wider culture sector and the level of resourcing it requires to fulfil its functions.”

- Given the Committee’s concerns regarding Creative Scotland’s handling of the funding for Rein, “the review must also consider effective governance and transparency.”
- It should be an independent review.
- “there is a need to reconsider and think strategically about how museums and galleries are supported, and that this review provides an opportunity to do so.”
- A wide range of stakeholders should be consulted, including community-based cultural activities as well as established cultural organisation.
- The work of the Committee throughout Session 6 be considered, particularly work on innovative funding solutions as “we remain of the view that there is a need for much greater urgency to making progress in this area.”
- “the review could also usefully consider the series of recommendations set out by the Committee in our report on Culture in Communities regarding how community-based cultural organisations can be better supported, including through funding, support, and the provision of spaces for cultural activity.”

Government Response

The Cabinet Secretary’s letter addresses the recommendations made by the Committee on the proposed review and confirms that –

“The Scottish Government has adopted the Committee’s recommendation that the Review of CS be undertaken independently of SG and CS, and I hope to be able to inform the Committee about the appointment of the Chair shortly. The Chair will take up their role early next year and we aim for them to publish their recommendations by the summer of 2025.”

He also confirmed that the review will consider the functions and remit of public bodies, including as set out in the provisions of the Public Services Reform (Scotland) Act 2010.

He stated that “the Government fully expects CS to continue with business as usual and does not expect that the review impacts in anyway on the outcome of CS multiyear funding decisions or other budget decisions for 2025/2026.” There was also agreement that the whole sector should have the opportunity to engage in the review, and to this end a survey –

“will be launched early in the New Year will seek views about how and why the culture sector is supported and what the sector thinks needs to change to best meet its needs going forward. Responses will inform the scope of both the review of culture sector support in Scotland and the review of CS.”

The Cabinet Secretary goes on to note that –

“The Programme for Government 2024 sets out what will be the main focus of the Government’s strategic activity as we seek to place the sector on a more

sustainable footing. This reform, review and partnership work seeks to deliver transformational change across the sector, and this will take time and commitment from all partners working to achieve over a number of years. These commitments build on both the Culture Strategy Action Plan and the International Culture Strategy, with a renewed focus on those areas where positive change will make the greatest long-term impact.”

Ned Sharratt, Senior Researcher (Education and Culture)

Laura Haley, Researcher (Justice and Social Affairs)

SPICe

6 January 2025

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

Annexe 1: More Detailed Budget Lines

Arts and Culture

The funding at Level 3 and comparisons to previous year is set out below.

Level 3	2023-24 Outturn £m	2024-25 ABR Budget £m	2025-26 Budget £m
Creative Scotland	56.2	51.4	80.0
National Cultural Collections	105.5	92.0	104.8
Other Arts and Activity	10.2	28.3	28.6
National Performing Companies	21.9	23.6	24.6
Total Arts and Culture	193.8	195.2	238.1
of which			
Total Fiscal Resource	155.3	170.3	205.3
Non-cash	10.6	11.3	12.3
Capital	13.6	13.7	20.5
Financial Transactions (FTs)	-0.6	–	–
UK Funded AME	15.0	–	–

Within the culture lines, the Scottish Government has made a number of changes to how the budgets are presented. There is now more clarity over the budgets for Creative Scotland and other organisations. At level 4, operating costs, multi-year funding, YMI and Screen Scotland are reported in separate lines. Funding for Sistema and V&A Dundee are now reported separately from Creative Scotland and the budgets for the National Performing Companies are reported separately at level 4.

These changes should allow for greater clarity within the Budget in seeing where any additional funding is being directed.

Creative Scotland

The greatest part the increase announced by the Scottish Government in this area has been allocated to Creative Scotland's Multi-Year Funding. This is increasing from £27.26m as at the ABR in 2024-25 to £53.86m – an increase of £26.60m. Ringfenced resource funding for Screen Scotland is planned increase by £2m in 2025-26 compared position at the ABR in 2024-25.

Total resource funding for Creative Scotland, including operating costs and the Youth Music Initiative will increase from £50.78m in 2024-25 (as at the ABR) to £79.67m in 2025-26. This is an increase of £28.89m – a 57% uplift.

Creative Scotland	ABR 2024-25	Budget 2025-26
(£m)		
Creative Scotland Multi-Year Funding	27.3	53.9
Youth Music Initiative	9.5	9.8
Screen Scotland	9.3	11.3
Creative Scotland Operating Costs	4.8	4.8
Creative Scotland (Resource)	50.8	79.7

National Cultural Collections

There are planned uplifts to the resource funding for National Museums of Scotland (5.9%), National Galleries of Scotland (9%) and National Library of Scotland (5.9%). Percentages quoted are compared to ABR 2024-25. Capital funding is volatile year to year as capital projects progress.

Taken together, the resource funding for National Cultural Collections, including non-national museums and galleries via MGS has increased from £67.65m to £72.37m. Capital funding will also increase from £13.65m to £20.50m.

The next table shows both Resource and Capital for the Cultural Collections.

National Cultural Collections	ABR 2024-25 (Resource)	ABR 2024-25 (Capital)	Budget 2025-26 (Resource)	Budget 2025-26 (Capital)
(£m)				
National Museums of Scotland (NMS)	27.12	2.7	28.72	1.85
National Galleries of Scotland (NGS)	19.45	4.15	21.21	6.2
National Library of Scotland (NLS)	16.77	5.4	17.77	2.7
Non National Museums	3.65	0.3	3.75	1.75
Non National Libraries	0.67	0	0.94	0
Other Cultural Capital	0	1.1	0	8
Total	67.65	13.65	72.37	20.5

Other Arts and Activity

Previously “Other Arts” was included under Creative Scotland and included a range of funding streams, including ringfenced monies administered by Creative Scotland as well as other funding streams. These budget lines have been split up in this year’s budget and it is a little difficult to track spending trends prior to 2023-24. However, for the first time the Government’s level 4 data shows the funding for Sistema and the V&A Dundee as separate lines.

Sistema’s funding reported in the Autumn Budget Review 2024-25 was £2.60m and it is planned to increase by 3% in 2025-26 to £2.68m. The V&A Dundee’s funding at the 2024-25 ABR was £3.80m and the budget for 2025-26 will remain at £3.80m.

The line for “Culture Arts Delivery and Policy” will increase from £3.62m to £4.52m. The increase reflects the public sector pay policy and is to support “the delivery of the Culture sector review; Creative Scotland review, public sector reform and implementation of Culture Strategy.”

The main element in this level 3 line is a level 4 line of the same name: Other Arts and Activity. It is difficult to track the year-on-year spending of this line as previously it included funding for a variety of activities that are reported separately or within other lines. For 2025-26 the budget will be £17.65m which is a 3.3% drop from the figure reported in for the 2024-25 ABR. Nevertheless the Government reported that this includes the doubling of the funding for EXPO fund, which supports innovation across festivals international opportunities – in [2024-25 EXPO was reported to be £1.7m](#). The Cabinet Secretary’s response to the Committee’s prebudget report stated—

“The budget for 2025/2026 includes a further £4 million funding for Scottish Festivals. This funding will allow the doubling of the EXPO Festival Fund to expand its reach beyond festivals in Edinburgh and Glasgow; recognising the importance of festivals across Scotland in providing opportunities for the wider culture sector, along with funding to develop and deliver work under the Strategic Partnership for Scotland’s Festivals. This will support festivals’ sustainability while upholding the vital role they have in the wider culture sector.”

Other Arts and Activity	ABR 2024-25 (Resource)	Budget 2025-26 (Resource)
£m		
Culture Arts Delivery and Policy	3.62	4.52
Other Arts and Activity	18.26	17.65
Sistema	2.60	2.68
V&A Dundee	3.80	3.80
Total	28.28	28.65

National Performing Companies

The five national performing companies have a share of an additional £1.0m in 2025-26 – a total of £24.61m. As a group this is an increase of 4.3% compared to the 2024-25 ABR. Scottish Ballet will receive an additional 2.2%, and the other four companies will receive between 4.3% and 5.5%.

National Performing Companies	ABR 2024-25 (Resource)	Budget 2025-26 (Resource)
£m		
Scottish Opera	8.25	8.65
National Theatre of Scotland	4.34	4.53
Royal Scottish National Orchestra (RSNO)	4.19	4.40
Scottish Chamber Orchestra	2.18	2.30
Scottish Ballet	4.62	4.72
Total	23.59	24.61

Historic Environment Scotland and Architecture

Members may recall from previous budgets that the funding for HES includes a significant amount of earned income. The expected running costs of HES are expected to increase by 5.2% in 2025-26 to £131.30m. HES' income is also expected to increase by 13.5% to £72.10m. The Net resource funding for HES is therefore expected to decrease by 3.5% to £59.20m. The Government's capital grant to HES is expected to increase from £8.0m in 2024-25 to £10m in 2025-26.

Historic Environment Scotland	ABR 2024-25 (Resource)	ABR 2024-25 (Capital)	Budget 2025-26 (Resource)	Budget 2025-26 (Capital)
HES-Running Costs	124.8	-	131.3	-
HES Direct Capital	0.0	8.0	0.0	10.0
Less Income	-63.5	-	-72.1	-
Total - Historic Environment Scotland	61.3	8.0	59.2	10.0

Architecture and Design Scotland has moved into this Level 3 area. Architecture and Design Scotland will receive around £1.5m in 2025-25.

Annexe 2: More details on attendance and participation

Attendance at cultural events and visiting places of culture in the last 12 months by year

						%age
	2018	2019	2020	2021	2022	2023
Cinema	56	58			49	50
Library (including mobile and online)	26	27			17	20
Live music event - e.g. traditional music, rock concert	34	37			32	36
Theatre - e.g. pantomime / musical / play	32	33			24	30
Dance show / event - e.g. ballet	11	11			6	8
Historic place - e.g. castle, stately home and grounds, battle or archaeological site	34	35			29	33
Museum	32	34			26	30
Art gallery	21	22			18	21
Exhibition - including art, photography and crafts	18	18			12	14
Street arts (e.g. musical performances or art in parks, streets or shopping centre)	16	17			10	11
Culturally specific festival (e.g. Mela /Feis/ local Gala days)	16	15			5	8
Book festival	6	6			3	4
Archive or records office (e.g. Scotland's Family History Peoples Centre)	2	2			1	1
Streaming of a live performance (e.g. theatre, dance, concert or comedy performance)	7	7			8	7
Classical music performance	-	-			5	5
Opera	-	-			2	2
Classical music performance or opera	7	8			-	-
Comedy performance	-	-			10	13
None	19	19			26	24
Any excluding cinema	74	74			65	69
Any including cinema	81	81			74	76
Base	9700	9780			9640	9750

Note that the form of questions can change over time. For example, classical music and opera were grouped in 2018 and 2019.

Participation in cultural activities in the last 12 months by year

						%age
	2018	2019	2020	2021	2022	2023
Read books, poetry or graphic novels / comics for pleasure (including on a Kindle or other mobile device)	63	62			64	62
Dance, either for fitness or not for fitness	12	12			12	9
Played a musical instrument or written music	10	11			12	11
Taken part in a theatrical performance such as a play, musical, comedy or variety performance (including production and backstage)	1	1			1	1
Sang in a singing group or choir	4	4			3	3
Painting, drawing, printmaking or sculpture	10	11			12	11
Photography as an artistic activity (not family or holiday 'snaps')	7	7			7	6
Film- making/ video-making as an artistic activity	2	2			2	2
Used a computer to produce artwork or animation	8	7			6	5
Crafts such as knitting, jewellery making, pottery, etc.	16	16			18	18
Creative writing - stories, books, comics, plays or poetry	5	5			4	4
Viewed performances (e.g. music or dance) online on a smartphone, computer, smart tv etc	22	23			20	21
Viewed cultural content online (e.g. museum or heritage collections or artist's work)	11	10			8	8
Shared art or creative content online that you have created yourself (such as digital art, music, dance, videos or recordings)	5	5			3	3
Other cultural activity	2	2			2	3
None	24	25			25	26
Any excluding reading	53	52			51	50
Any including reading	76	75			75	74
<i>Base</i>	<i>9700</i>	<i>9780</i>			<i>9640</i>	<i>9750</i>



T: 0300 244 4000

E: scottish.ministers@gov.scot

Clare Adamson MSP

Convener Constitution, Europe, External Affairs and Culture Committee
Scottish Parliament

11th December 2024

Dear Clare,

Committee report following pre-budget scrutiny of culture portfolio ahead of 2025/2026 budget process

Thank you for the opportunity to give evidence to the CEEAC Committee as part of your pre-budget scrutiny on funding for culture. This letter sets out the Scottish Government's response to the Committee's report.

The Scottish Government greatly values the culture sector and the positive impact it has on the Scottish economy and peoples' health and wellbeing. The Government has clearly demonstrated its confidence in, and commitment to, the sector by proving a further £34 million in 2025/26 taking the uplifts to date to £50 million a year – halfway to the intended £100 million more annually by 2028/29 with an aim for a further £20 million in 2026/2027 subject to the usual Parliamentary procedures.

The budget set out in Parliament on 4 December, enables a package of funding in 2025/2026 to support culture and the arts. This includes £20 million for Creative Scotland (CS) multiyear funding, an increase in funding for Scottish festivals to provide £6 million annually, increased funding for our national collections and national performing companies, £2 million more for Screen Scotland's production Growth Fund, almost £5 million for community culture and support for libraries, and a new innovative Culture Capacity Fund which will be designed to support culture organisations to build their capacity and attract inward investment.

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Creative Scotland Multiyear funding

The Scottish Government welcomes CS' plans to introduce multiyear funding from 2025/26 which will see the largest ever number of Scottish cultural organisations securing regular funding. As outlined above, the Government has set out £20 million in the draft budget for the multiyear funding programme in 2025/2026 and aims to provide a further £20 million in 2026/27 – taking the uplift to £40 million a year from 2026/27 subject to usual Parliamentary procedures. I have written to the Chair of CS to confirm this.

This is in addition to £6.6 million to bridge CS' historical shortfall in National Lottery funding which the Scottish Government has provided since 2018/19. The Government was not able to provide this in 2023/24 given wider budget pressures and therefore provided £13.2 million in 2024/25 covering the National Lottery Shortfall funding for 2023/24 along with the £6.6m for 2024/25. From 2025/26 this £6.6 million is base lined in the CS multiyear funding budget.

Taken together, this will mean that the Government has made funding available for organisations successful in MYF from almost £34 million this year to £54 million next financial year and to £74 million in 2026/2027 and beyond.

Strategic approach to Support/ Path to £100m

The Government understands the culture sector looking for clarity regarding future funding and how the £100 million will be rolled out beyond the next financial year. The Government's planning assumption is to aim to provide a further £20 million in 2026/2027 subject to normal parliamentary procedure. We will only be able to confirm these aims once the SG receives the budget allocation from UKG.

As set out in Programme for Government, the Government is also carrying out a review of how the culture sector is supported to maximise the impact of this significant investment. The review will look at public funding and working across the public, private and third sectors to grow the overall funding pot for culture, diversify funding streams and supporting the sector to become more sustainable and resilient in the face on ongoing challenges.

The Scottish Government agrees that the culture sector as a whole would benefit from stable and supportive financial arrangements being in place in order to fulfil its potential. The Scottish Government welcomes the UK Government's commitment to holding regular multiyear spending reviews and hope this provides greater clarity and certainty over the Scottish Government's funding position, helping support a multi-year approach to budgeting.

Closure of 2024/25 Open Fund for Individuals

You highlighted in your report the concerns raised in the culture sector when the Open fund was closed in August this year. Following completion of the normal due diligence process on the release of £6.6 million funds after CS Board approval, the Open Fund was quickly reopened by CS. The Scottish Government was pleased that the CS Board approved in November 2024 use of a further £1.2 million of the £6.6 million for the Open Fund.

Looking forward, CS will continue to offer open access funding opportunities for both individuals and organisations using National Lottery funding in the main.

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Platform for Creative Excellence (PLACE) and Culture Collective programmes 2024/25

These funds were not continued in 2024/25, and funding was reallocated within the culture budget to meet in-year financial pressures.

Culture Collective was a 3-year programme funded through covid consequential and funding was due to conclude in 2022/23; however, a small amount of bridge funding was provided in 2023/24 to further support the sustainability of the partnerships developed under the programme. The Government intends to relaunch this programme with £4 million in 2025/26.

The PLACE programme was a match-funded programme between the City of Edinburgh Council and Scottish Government in which each provided £1 million pa between 2018-23 towards the Edinburgh Festivals' community engagement activity. 2022/23 was the final year of its original planned 5-year activity with funding provided in 2023/24 given to ensure a phased reduction in support.

The budget for 2025/2026 includes a further £4 million funding for Scottish Festivals. This funding will allow the doubling of the EXPO Festival Fund to expand its reach beyond festivals in Edinburgh and Glasgow; recognising the importance of festivals across Scotland in providing opportunities for the wider culture sector, along with funding to develop and deliver work under the Strategic Partnership for Scotland's Festivals. This will support festivals' sustainability while upholding the vital role they have in the wider culture sector.

Relationship between Creative Scotland and the Scottish Government

The Scottish Government enjoys a good working relationship with CS both at an official level and with Scottish Ministers. The sponsorship function is working well with quarterly meetings with Scottish Ministers and meetings more frequently between the sponsorship team and CS senior officials. The sponsorship approach is set out in the framework agreement between SG and CS¹. However, the artistic decisions of CS as an arms-length public body are rightly independent of the Scottish Government.

Review of Creative Scotland

The Scottish Government's review of CS is to ensure that the functions and remit of public bodies continue to meet the needs of the culture sector in Scotland. The Review of CS will consider whether its remit and functions as set out in the Public Services Reform (Scotland) Act 2010 continue to be relevant for the culture sector today recognising that there has been much change in the sector since the functions were initially established.

The Government fully expects CS to continue with business as usual and does not expect that the review impacts in anyway on the outcome of CS multiyear funding decisions or other budget decisions for 2025/2026. The review will help inform the future direction of how the Scottish Culture sector is supported.

¹ [creative-scotland-2022-model framework document-june-2022-final-approved2.pdf \(creativescotland.com\)](#)

The Scottish Government has adopted the Committee's recommendation that the Review of CS be undertaken independently of SG and CS, and I hope to be able to inform the Committee about the appointment of the Chair shortly. The Chair will take up their role early next year and we aim for them to publish their recommendations by the summer of 2025.

It is essential that the culture sector has an opportunity to engage in the Review and engagement will begin early next year with a short survey about the scope of the Review.

The Government agrees that the Review of CS should feed into the wider review of how the culture sector is supported. The survey that will be launched early in the New Year will seek views about how and why the culture sector is supported and what the sector thinks needs to change to best meet its needs going forward. Responses will inform the scope of both the review of culture sector support in Scotland and the review of CS.

The Government welcomes ongoing engagement with the Committee throughout the course of this work and will draw on your previous evidence and reports. The Committee will receive further information on the survey once it is launched.

A Culture Strategy for Scotland

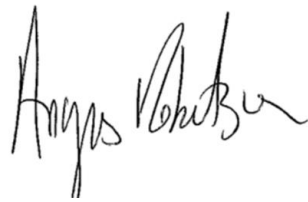
The Government is aware from discussions with culture stakeholders following publication of the draft budget that the significant increase in levels of funding announced for the sector is rightly fuelling debate around priorities for culture; particularly around the delivery of existing action plans and strategic commitments going forward. The Programme for Government 2024 sets out what will be the main focus of the Government's strategic activity as we seek to place the sector on a more sustainable footing. This reform, review and partnership work seeks to deliver transformational change across the sector, and this will take time and commitment from all partners working to achieve over a number of years. These commitments build on both the Culture Strategy Action Plan and the International Culture Strategy, with a renewed focus on those areas where positive change will make the greatest long-term impact.

As set out in the letter to the Committee on 5 June, ongoing discussions with partners about where our collective priorities lie and how resources should be targeted across the sector will result in the acceleration of some planned actions and, consequently, the deceleration of others to match available resource. The Committee will receive a further update on delivery of the Culture Strategy Action Plan at the end of 2024-25 reporting year which will highlight any proposed development areas which will have to be paused at that time, however policy and sponsorship activity will continue as normal, including cross-policy work with colleagues across the Scottish Government.

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In closing, thank you again for your detailed and thoughtful consideration of the issues faced by the culture sector and how it can be supported to continue to flourish and enrich the lives of people across Scotland.

Best wishes,



Angus Robertson

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**Constitution, Europe, External Affairs and Culture Committee
9 January 2025**

Submission from National Galleries of Scotland – this complements the submission made in late 2024 ([Response 57296778 to Budget Scrutiny 2025-26: Funding for Culture - Scottish Parliament - Citizen Space](#))

Background

National Galleries Scotland (NGS) looks after one of the finest collections of art anywhere in the world on behalf of the people of Scotland. The collection consists of around 130,000 works of fine art and is enjoyed by millions of local, national and international visitors each year at the following gallery locations:

- The National at the Mound
- The Portrait in Queen Street
- Modern One and Modern Two in Belford Road

NGS is a national institution and a Charitable Non-departmental Public Body sponsored and supported through grant-in-aid by the Scottish Government and governed by a Board of Trustees. The principal functions of the Board of Trustees of NGS are set out in The National Heritage (Scotland) Act 1985. Our primary role is to care for, research and develop the national collection of art, ensuring that the public has the greatest possible access and that we promote Scotland's international reputation for art and culture.

2025/26 Budget impact

- Currently forecast deficit position for 2025/26
- 9% Revenue grant-in-aid uplift almost entirely on increased staff costs
- Facing crisis in the investment needed for estates—need at least £17.4m over the next five years to mitigate serious risk of failure and/or injury
- Need confirmation of the timeline for funding to be released for construction of The Art Works as delay will result in increased costs and failure of delivery for Scottish Government Public Sector Reform
- Require clarity and detail of plans for increased allocation of £100 million for Culture by 2028/29, to align with development of NGS 5-year strategy plans

NGS recognise and welcome the efforts of the Cabinet Secretary in securing funding for the wider cultural sector during challenging financial times, however we continue to urge the Government to be aware of the precarity of the sector, which has been underfunded for years.

NGS is committed to providing the widest possible access to the national art collection, but this requires adequate funding. While a 9% Revenue grant-in-aid increase may seem positive, the reality is that it is not enough. The increase will be almost entirely absorbed by our staffing costs, after the impact of the shorter working week, 2025-26 public sector pay policy and employer national insurance contribution increases have been taken into consideration.

It's our mission to make art accessible for everyone, and we will continue to do everything we can to promote wellbeing through culture. The budget settlement leaves NGS in a forecast deficit position and it will be increasingly challenging to reach a balanced budget.

For 2025/26 93% of our grant in aid and 72% of our total income is forecast to go on salary costs. To address rising staff costs because of Scottish Government pay policy, we continue to review our Target Operating Model to ensure we have the right skills and capacity to meet our statutory obligations. The government's commitment to no compulsory redundancies means we are caught in what can only be described as a 'staffing cost trap', where escalating expenses threaten the sustainability of our operations.

The remaining 7% of grant-in-aid does not cover the cost of managing and running our estate and is particularly challenging with increasing costs required for the maintenance of our historic Galleries, creating a risk to our building fabric and infrastructure. Our utility costs for environmentally controlled buildings needed to care for the national collection have more than doubled over the past three years. We are now having to increasingly rely on self-generated income to cover these largely fixed costs.

The grant-in-aid received by NGS is supplemented by self-generated income. Government funding is now covering less and less of the activity we undertake and what the public sees. All the other things that make a difference, whether it is displays, exhibitions, learning, education programmes are now covered by earned income.

Private investment

We work hard to secure private investment (including from philanthropic sources) and have been successful in the delivery of large capital projects, through which we have been able to significantly improve our offer to visitors and provide long term resilience for the iconic buildings that the national collection is housed in.

One recent example was the opening of the new Scottish galleries at the National in 2023 which has a secondary benefit of increasing our self-generated income. Since opening on the 30 September 2023, we have welcomed over 1 million visitors. The retail sales are up 112%, restaurant income up 48%, donations are up 48% and Friends memberships are back to pre-Covid numbers.

We have doubled the physical display space. Prior to opening the Scottish galleries only 19% of visitors found the former Scottish wing. Since opening this has increased to 62%. A selection of our interpretation was written by Scottish young people.

A longer-term view of how the culture sector will be supported, coupled with adequate Scottish Government funding is a pre-requisite of creating confidence in the sector and leveraging both public (from non-government sources) and private support into culture and heritage. Generating the required level of incoming investment and support is only achievable when built on the firm foundation of our core services, and the challenge is in our core funding, which private investors are

not motivated to support. There is also intense competition for private investment as all heritage and culture organisations find themselves in a similar situation.

NGS has long argued that philanthropic support needs to complement core funding and public investment, not replace it. Innovative funding solutions are in themselves risky and not necessarily sustainable and therefore cannot be relied upon to support ongoing core activity. Current figures indicate that across the museum sector, only 1.3% of funding is from corporate sources, while 8.8% derives from private philanthropy.

Culture Counts reported in their [submission to the Committee](#) that “Fundraising is increasingly challenging with funders experiencing increased demand, many are moving to support different priorities and success rates are plummeting. The challenges around ethical philanthropy and corporate sponsorship mean it is not currently a viable option for developmental growth.”

The right level of investment into core services (anchor funding) and incentivising income generation will support NGS in becoming more financially sustainable and resilient.

Investment in Estate

The biggest challenge to continuing our service to our audience is funding, particularly for our estates.

Whilst we greatly appreciate the ongoing support from Scottish Government for our annual capital spend and for project specific improvements, such as the Portrait in 2011 and the new Scottish Galleries at the National in 2023, we must continue to invest in our estate as we strive to reduce our impact on the environment and to provide the best conditions for safeguarding and sharing our collections.

We are responsible for five historic listed buildings (National, Royal Scottish Academy-RSA, Portrait, Modern 1 and Modern 2) and three temporary-leased storage facilities. The level of risk and potential for a catastrophic incident at one of our buildings is at a critical level never before seen with the likelihood of such an event increasing with each budget cycle.

We have been carrying out a full analysis of our estate with a range of detailed condition surveys and produced a detailed risk report for the Scottish Government.

The risk falls into three timeline categories—Now: imminent risk needing addressed within next five years; Medium term: to address historic backlog over next ten years; Long term: what is required to maintain our estate annually.

Timeline	Funding Required
Now (0-5 years)	£17.4 million for high-risk items
Medium (0-10 years)	£40 million includes high risk above and to address lifecycle and condition issues, incorporating historic backlog of maintenance
Longterm (annually to maintain)	£5 million p.a. for regular maintenance

We realise that there will always be some level of backlog maintenance that can be tolerable, but we are currently operating within an extreme high-risk environment that requires ca £5m per year to look after our estates. We cannot sustain our current level of activity within the financial and estates/capital context in which we are working. If there is no significant change in the near future we will be forced to make seismic changes, such as closing one of our buildings.

The Art Works

One of our biggest transformative projects in terms of what we can do to share our collection and have an impact socially and on the economy is The Art Works. The Art Works is a strategic imperative behind NGS's plans to ensure there is the widest possible access to art to inspire and to improve wellbeing. It is also a key part of NGS plans in delivering Scottish Government Public Sector Reform.

Our plan is to build a new world-class, innovative storage and research facility. The Art Works is a sector-leading project, one that challenges the notion of conventional storage and activates the 97% of NGS collection which is currently in store. The Art Works will enable us to not only care for, understand, conserve and protect Scotland's art collection but to share it with the world, now and in the future.

The Art Works will be the largest cultural building in Scotland built to the Passivhaus standard. It is key to delivering our environmental commitments and supporting Scotland's aim to achieve net zero. It enables greater organisational efficiency through changes to working practices and streamlined logistics, with the additional benefit for sector sharing around storage space (cost and environmental benefits) and heritage science capabilities and skills.

As well as being a model for world-standard collection care, accessibility and use, it will be an important new cultural focal point and resource for the local community in North Edinburgh, supporting wellbeing and offering spaces for everyone to enjoy. As a vital part of the regeneration of Granton Waterfront it will help us to offer wide access to art, with a commitment to equality, diversity and inclusion.

Currently our ability to share the collection nationally and internationally is restricted through capacity, facilities and resource. The Art Works offers income generation opportunities by significantly increasing capability to logistically deliver more income generating tours and lending internationally.

The completion of The Art Works is a key mitigating action to most of the key risks that NGS faces. We welcome continued funding from the Scottish Government and will work with them to confirm the timeline for funding to be released for construction as we face risk of increased costs as a result of any delay. This risks failure to deliver on Scottish Government Public Sector Reform plans.

Opportunities

As we have continuously stated, culture is not a problem to be solved: culture is the solution and an asset to be exploited. NGS can play an important part in recovery and regeneration in Scotland over the coming years and it is our ambition to ensure we work across key issues in society, including health and wellbeing; the climate emergency and in playing our part in addressing inclusion and inequality.

With multi-year funding for national collecting bodies the opportunity to plan for a dynamic and confident public offer is possible and ultimately makes more impactful programmes—both national and international. It also improves efficiencies across the board with better planning and performance. Our ambition is to more widely share the national collection with the people of Scotland and beyond; building on existing partnerships and creating new collaborations with museums, galleries, and communities around the country so that everyone can explore and discover art. We do not see the collection as something static available only at our physical sites in Edinburgh, we have the potential to share more widely with audiences all over the country and internationally, whether that is facilitating an in-person experience or an online engagement.

The Art Works in Granton is a key element in delivering this aim. From its research resources to its storage capacity and art distribution, it will be central to the sharing of the national collection. Our digital audience continues to grow—equalling but likely to surpass our physical visitor numbers in the next year. As technological advances evolve rapidly, we seek to keep pace with developments particularly with the role of Artificial Intelligence in everyday life. The collection reflects the changes in society—from digital-born works to depictions of recent historical events—and maintains the integrity of the wider collection that belongs to the people of Scotland.

Our international programme of loans and exhibition tours helps to put Scotland on the global map and facilitate international relations. Through sharing the collection we can represent the people, places and culture of Scotland to audiences all over the world and actively promote Brand Scotland.

NGS is actively engaging in activities which support the Programme for Government 2024-25:

Eradicating child poverty

We need to uphold the free offer – in relation to the cost-of-living crisis and health & wellbeing. Continued and sustainable investment in culture will contribute to the health and wellbeing of the people of Scotland.

Investment in The Art Works, which is located in an area of Edinburgh with the 2nd highest levels of child poverty (34%).

Our learning & engagement programme provides many opportunities within communities including the provision of free lunches during school holidays and our successful Family Fridays programme at the National gallery offering free creative play sessions exploring art, ideas and materials with children and young people

As one of the leading museums in the Art Fund and Nesta pilot 'Mini Wonders' programme, we are currently working with the charity Homestart. This innovative programme targeted at low-income families is designed as an early intervention model and the pilot is exploring the additionality that using museums and galleries to deliver this programme brings. Over the next year, we will be developing this work with Perth Museum.

Since 2018 NGS has been delivering art sessions and art packs to the Royal Hospital for Sick Children and Young People in Edinburgh. Feedback from our work in the hospital has included the reduction in stress felt by patients and families whilst waiting for appointments or during treatment, freeing up nursing staff to enable them to focus on their clinical role, bringing enjoyment and fun to children at what can be a difficult and sometimes frightening time

We provide a safe, free, warm space which anyone can access.

Growing the economy

There were 2.4million visitors across all of NGS sites in 2023. We are ranked within the top three visitor attractions in Scotland. For every £1 spent by Scottish Government on museums and galleries, the Scottish economy benefits by at least £3.

Furthermore, we know that engaging with art is a health behaviour, and it contributes to overall health and wellbeing, which ultimately is preventative in future health issues and their attendant costs. Art can be used to actively tackle inequalities, build resilience and improve self-confidence.

We work with educational institutions to provide opportunities for young people to develop skills in collection management and care.

We work with charities to provide programmes for people with additional support needs – working across the health, education and culture sector has many benefits and this is an area which needs further development and investment.

We provide opportunities through our commercial arm for local businesses to sell their wares.

We work in partnership with local business and charities to deliver access to art for the widest possible public.

Tackling the Climate Emergency

The culture sector has a role to play in the path to net zero.

Reduction in carbon footprint and overall environmental impact; move towards virtual couriering; greater use of digital assets in sharing works; adopting low carbon alternatives across the estate where we can; investing in the estate to improve environmental controls.

Investment in The Art Works, which is a Passivhaus build.

All our Galleries have achieved Gold Status from Visit Scotland's Green Tourism accreditation scheme. This shows that we provide sustainable tourism destinations which have managed to significantly reduce their carbon footprints, as well as utility, water and waste bills.

In 2024, the National Galleries of Scotland ranking second globally in a sustainability study of arts organisations conducted by University of Lausanne.

The main challenge and biggest opportunity for achieving a pathway to net zero, is to adapt our buildings and replace our mechanical and electrical systems. However, this will require additional funding.

Ensuring high quality and sustainable public services

NGS is part of a cluster of culture public bodies looking at public sector reform and is currently developing public sector reform (PSR) plans. Our focus is on how we can become more financially sustainable and resilient. NGS as a public body is not permitted to keep unrestricted reserves which increases risks of revenue raising. If self-generated income falls as it did during the pandemic, there are no reserves to support the running costs of the organisation. One of the PSR workstreams that could generate a lot of benefit is on financial incentives and flexibilities and revenue raising and we are working with the Scottish Government and other national collection bodies (also with charitable status) to explore this.

National Galleries of Scotland
6 January 2025

CEEAC 2025 budget response

Prepared by Kathryn Welch, Interim Director, Culture Counts
January 2025

At Culture Counts we warmly welcome the Scottish Government's commitment to increase investment in culture as proposed in the draft 2025-26 budget. The increase of £34m in 2025-26, plus an indicative commitment of a further £20m in 2026-27, is an important step toward realising the Government's commitment to increase culture funding by £100m per year by 2028-29.

We are especially encouraged by the allocation of an additional £20m to Creative Scotland's multi-year funding (MYF) programme, bringing the total available to that programme in 2025-26 to £54m. The announcement of this increased investment has been very warmly received by the sector, especially by the 281 organisations who are anxiously awaiting the outcome of their MYF applications, and by the wider ecosystem of freelancers and smaller organisations whose work relies on regularly funded organisations. This investment has already created a greater sense of optimism in the sector for the positive impact of the January multi-year funding decisions. With applications currently at the final stage of Creative Scotland's application process totalling £87.5m per year, this still means that only 62% of applicants (by value) will be funded. This represents a significant improvement over the previously feared outcomes, but how Creative Scotland handle transition support for unsuccessful applicants will be vital. We hear a strong message from our members that the great opportunity of this increased investment is to increase the number of sustainably-funded organisations in the sector, which will have knock-on effects for fair work, ambition, collaboration and equity. We hope that Creative Scotland resist the temptation to spread this funding too thinly via a narrow focus on raising the total number of awardees as high as possible; 'bare minimum' funding serves no-one, and indeed would perpetuate the sense of scarcity in the sector.

We are also delighted to see the return of funding for Culture Collective; a popular and impactful programme supporting community and participatory arts across Scotland. This marks a very positive focus on the role of culture in all of our lives, on a responsive, representative and locally-rooted cultural sector, and on the vital role that freelancers play in the sector. We would ask the committee to note that work in

communities - especially those that have historically been underserved by cultural provision - is not a 'quick fix', and that long-term commitments are necessary to effect long term impact and build real, meaningful relationships. As such, we would ask that consideration is given now to the funding for this programme beyond 2025-26. We eagerly look forward to Creative Scotland sharing of more detailed plans around eligibility, timing and delivery for this fund.

The complex and interlinked nature of Scotland's cultural ecosystem (and wider third sector) means that the impacts of the budget are extremely nuanced, and are being felt differently by different parts of the sector. Many arts and cultural organisations are charities, and/or work collaboratively with third sector partners. In considering the development of detailed delivery plans for funding within this budget, we align with [SCVO's Fair Funding asks](#) for longer-term funding agreements, sustainable funding that recognises inflation and enables commitment to the Real Living Wage (for those organisations funded directly by Scottish Government), for accessible, proportionate and consistent approaches to applications and reporting, and for timely grant processing and payments.

Whilst the increase to the culture budget is timely and welcome, we note that it is far from the sole determinant of the financial health of the culture sector. Changes to employer NICs in the Westminster budget this year will impact the overall payroll costs of many, including cultural organisations, many of whom are deeply concerned about managing the resulting increases to their payroll costs. A recent SCVO briefing found that *"there will be a disproportionate impact on sector employers with a large part-time workforce on lower wages"* - of which the culture sector is clearly part. We hear fears that staff will be pushed involuntarily into freelance roles as a consequence of this policy, which would increase vulnerability in an already very precarious workforce. Local Authorities, too, continue to face significant financial pressures. Dundee City Council, for example, are currently consulting on significant cuts that could pose serious risk to many of the city's cultural institutions. As such, we ask that the committee consider the whole picture of the cultural sector ecosystem in assessing the impact of this winter's budget announcements.

Finally, we strongly support CEEAC's focus on long term clarity and certainty for the future of funding for the culture sector ([point 51 here](#)). This year's increased investment is very welcome as a step toward the commitment of an additional £100m funding per year by 2028-29. Longer term, Culture Counts' former Director, Lori Anderson, gave evidence to the Committee in September 2024 that Scotland

currently invests just over 0.5% of Government spending on culture, compared to a European average of 1-1.5%. We welcome this year's increased investment as indicative of a commitment to a flourishing cultural life for Scotland, and encourage all efforts to invest in this ambition over the long term.



ALBA | CHRUTHACHAIL

Constitution, Europe, External Affairs and Culture
CEEAC.committee@Parliament.Scot

19 December 2024
IM/km

Dear Convener,

Budget scrutiny 2025/26

I am writing to provide a short update on Creative Scotland's anticipated budget position for 2025/26.

This follows the publication of the Scottish Government's draft budget on 04 December and is ahead of the evidence session with the Committee on 09 January, at which I will be happy to take questions and expand further.

Following the announcement of the significant uplift in budget for Culture in the draft budget, we issued the following statement:

Creative Scotland wholeheartedly welcomes the positive news of the substantial uplift for Culture, including Creative Scotland, in the [Scottish Government's draft budget](#) announced today.

In 2025/26, Creative Scotland's draft Grant-in-Aid budget from the Scottish Government will be £80m, up from £51.4m in the previous year. Included in this is an additional £20m, specifically for use in supporting the Multi-Year Funding programme and an additional £2m to support delivery of [Screen Scotland's strategy](#).

The Board of Creative Scotland will meet on 16 December to agree the final budget for Multi-Year Funding and a further update will be made following that meeting. The final outcomes from the programme will be announced by the end of January.

Creative Scotland's Chair, Robert Wilson, said:

"Today's draft budget announcement by the Scottish Government is enormously welcome. The major boost to Multi-Year Funding and other activities opens up wider opportunities, and we are grateful to the Scottish Government for this significant vote of confidence in Creative Scotland and the creative and culture sector."

"This is especially positive in the light of the long-term financial challenges the sector has been dealing with and will enable people and organisations to once again look forward with more confidence."

I would like to reiterate the sentiment expressed by Robert in this statement and recognise the significance of the settlement for Culture, and for Creative Scotland, that is inherent in this draft budget.

Since the budget announcement, further details have been made available by the Scottish Government as regards the full extent of the Grant-in-Aid funding being made available to Creative Scotland in 2025/26, as well as extremely positive intentions for budget provision in 2026/27.

These are set out in detail in the Cabinet Secretary's letter to the Committee dated 11 December, however as more detail has since been provided to us, I will also set out what this means for Creative Scotland as follows.

Scottish Government draft budget 2025/26

Key to the draft budget announcement for Creative Scotland is an additional £20m in 2025/26 specifically to support organisations through Multi-Year Funding, and, significantly, a further £20m in 2026/26, also to support Multi-Year Funding. This means that in 2025/26, Creative Scotland will have £54m in Grant-in-Aid to support Multi-Year Funding, rising to £74m in 2026/27.

After our Board meeting on 16 December, we issued the following statement by way of further update:

[Creative Scotland warmly welcomed](#) the Scottish Government's draft budget announced earlier this month, which included a significant uplift in proposed budgets for Culture and for Creative Scotland in 2025/26. The Board of Creative Scotland met on 16 December to discuss this draft budget further.

With further details now provided by the Scottish Government, we can confirm that Creative Scotland's draft Grant-in-Aid budget from the Scottish Government in 2025/26 is £89m, up from £66.5m in the previous year. Included in this is an additional £20m, specifically for use in supporting the Multi-Year Funding programme, £3m extra for EXPO festival support, an additional £2m for Screen Scotland's Production Growth Fund, £0.3m more for the Youth Music Initiative (YMI), and £4m for the Culture Collective initiative.

This budget, coupled with the Scottish Government's aim to provide a further additional £20m for Multi-Year Funding in 2026/27, as set out in the [Cabinet Secretary's recent letter](#) to the Culture Committee, means that we will have £54m for the Multi-Year Funding programme funding in 2025/26, and £74m in 2026/27.

Finally, we can also confirm that the Board of Creative Scotland will meet again in January to approve the final set of recommendations for the Multi-Year Funding programme and that all applicants will be informed of the outcome on 30 January.

Iain Munro, Creative Scotland Chief Executive said:

"The very positive outcome for Culture, and for Creative Scotland, as set out in the Scottish Government's draft budget announcement, means that we can now move

forward with confidence in concluding the Multi-Year Funding application process. The additional funding to be provided for this programme both next financial year and, significantly, in the year to follow, is very welcome and I am pleased we can now commit to announcing the outcome for all organisations that have applied to Stage 2 on 30 January."

What this means is that we will be able to support many more organisations that are successful in their applications, through Multi-Year Funding than we had previously anticipated.

As a reminder for the Committee, we received 285 applications to Stage 2 of the Multi-Year Funding programme, with an annual ask of £87.4m. We are in the final stages of assessing those applications and will be announcing the outcome on 30 January.

Scottish Government review of funding for culture, including Creative Scotland

I also note the Cabinet Secretary's update to the Committee as regards plans for the previously announced review of funding for culture, including Creative Scotland. We will support this review and contribute to it constructively, to deliver the best conditions for the sector to thrive and strengthen Creative Scotland's role in support of that ambition.

I also concur with the Cabinet Secretary's comments regarding the relationship between Creative Scotland and Scottish Government, both Officials and Ministers, which is always open, cordial and constructive, and we will work hard to ensure that continues.

In closing, I'd like to wish you and all Committee members a happy and peaceful Christmas and New Year and I look forward to meeting with you again at the evidence session on 09 January.

Yours sincerely,



Iain Munro
Chief Executive