

Constitution, Europe, External Affairs and Culture Committee
Thursday 16 January 2024
2nd 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. [Last week](#) the Committee took evidence from a panel of culture sector stakeholders, and then from Creative Scotland, 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.
3. At this week's meeting, the Committee will take evidence from the Cabinet Secretary for the Constitution, External Affairs and Culture.
4. 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**.

Clerks to the Committee
January 2025



Constitution, Europe, External Affairs and Culture Committee

16 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 2025-26 budget process 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.

Last week the Committee heard from a panel of stakeholders and from Creative Scotland. The panels welcomed the additional funding for arts and culture in the 2025-26 Budget. The Committee this week will be hearing from the Cabinet Secretary for Constitution, External Affairs and Culture, Angus Robertson MSP.

This paper will provide information on the Scottish Government's commitment to increase spending to support the culture sector, and the policy actions intended to ensure that this money is spent strategically. It will also include points made during the evidence taken by the Committee last week. The final section provides an overview of the culture and external affairs budget.

The paper for last week's meeting included a breakdown of the Committee's pre-budget report and the [Cabinet Secretary's response to the report](#) which has not been replicated here.

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."

In his letter to the Committee in [December 2024](#), following the publication of the pre-budget report, the Cabinet Secretary 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."

SPICe asked the Scottish Government for a breakdown of how the additional funding for arts and culture has been distributed in the 2024-25 budget and the 2025-26 budget. The tables below were provided by the Scottish Government.

Additional funding in the 2024-25 Budget

Area of spend in 2024/2025	Increase
Creative Scotland National Lottery Shortfall compensation for 2023/2024	£6.6m
Creative Scotland additional funding	£6.6m
National Performing Companies uplift (Scottish Ballet, Scottish Opera, National Theatre for Scotland, Royal Scottish National Orchestra, Scottish Chamber Orchestra)	£0.7m
National Collections uplift (National Library of Scotland, National Museums of Scotland, National Galleries of Scotland, National Records of Scotland)	£0.8m
V&A Dundee uplift	£0.8m
Total additional in 2024-25	£15.5m

Additional funding in the 2025-26 Budget

CEEAC/S6/25/2/1

Level 4 budget line	24/25	25/26 (£m)	25/26 uplift	Comments
Creative Scotland multi-year Funding	27.3	53.9	26.6	Baselined £6.6m lottery shortfall and uplift of £20m multiyear funding. The £6.6m was in the Other Arts line in 24/25.
YMI	9.5	9.8	0.3	Previously included in Other Arts and Activity line.
Screen Scotland	9.3	11.3	2.0	Previously included in Other Arts and Activity line.
National Collections	67.7	72.4	4.7	
Other Arts	28.3	28.6	0.3	<p>This line provides revenue funding to support:</p> <ul style="list-style-type: none"> • Delivery of the Culture sector review; Creative Scotland review, public sector reform and implementation of Culture Strategy • Festivals and EXPO including an increase of £4m from 25/26 • Restarting the Culture Collective programme – up to £3m • Establishing a new Culture and Heritage Capacity fund c£4m • Operational delivery for Directorate for Culture and External Affairs teams • A range of other cultural initiatives including libraries, communities and cultural freelancers and scoping for a support service for cultural export and exchange
National Performing Companies (NPCs)	23.6	24.6	1.0	
Total	165.7	200.6	34.9	

Alastair Evans, Director of Strategy and Planning at Creative Scotland noted last week that the increase in Creative Scotland's funding expected in 2025-26 is significantly higher than similar organisations in other nations of the UK and Ireland.

Use of the additional money was also brought up in the first panel last week. Fiona Sturgeon Shea, Chair of Culture Counts Steering Group cautioned the Committee about the "temptation to spread the jam really thinly" and to measure success for the sector on growing the number of organisations that were receiving funding. She suggested that giving small amounts of money to many organisations was akin to 'standstill funding' and she expressed her "hope Creative Scotland will make sensible decisions around what that means."

Creative Scotland's Chair, Robert Wilson, told the Committee last week that the increase in money to support its multi-year funding stream will allow Creative Scotland to support more cultural organisations on a multi-year basis than had been anticipated. He also said that the certainty of multi-year funding is crucial in supporting the sector. Creative Scotland expects to announce the future multi-year funding awards later this month.

Historic Environment Scotland noted in their submission that:

"we were disappointed that the increase in funding, along with the increase last year, has almost exclusively been allocated to Creative Scotland, Screen Scotland and funding which supports activity within the arts, screen and creative industries...An increase in our grant funding would have significant impact by increasing not just the volume of work that can be undertaken, but also the amount of additional funding invested into the sector as a whole and in turn the difference this makes to people's lives."

Policy development

During its work this session on the culture sector, the Committee has explored the strategic direction being provided to the sector by the Scottish Government. The pre-budget report states that the Committee "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."

Scottish Government policy in relation to the strategic direction of the culture sector is currently being developed through three strands of work:

- A review of Creative Scotland
- A review of wider support to the culture sector

- The Culture Strategy and Action Plan.

In addition, there are strategies covering the historic environment and sub-sectors of arts and culture, e.g. libraries.

Review of Creative Scotland

On 4 September 2024 the First Minister announced [Programme for Government 2024-25: Serving Scotland](#) (PfG). 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 of Creative Scotland (CS):

“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.”

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.”

Anne Langley, Executive Director of Operations told the Committee last week that the Scottish Government had said that the review of Creative Scotland was a “review of purpose not process”, although the exact scope of this review is not known. She also said that Creative Scotland is planning to undertake internal work to consider its “target operating model” to ensure that Creative Scotland’s operation is “efficient and effective” at delivering its priorities.

Last week, the Committee explored how Creative Scotland may support the games industry. The Committee was told that a key consideration for Creative Scotland providing support is that the recipients of grants provide public benefit rather than only economic value. Alastair Evans said that the ways in which Creative Scotland ought to support the games industry and the design sector is a topic of discussion with the Scottish Government. This would appear to be a question of the purpose of Creative Scotland and therefore potentially an issue to be considered in the review of Creative Scotland. SPICe sought clarification from Creative Scotland on their interpretation of public benefit. Creative Scotland explained:

“By this we mean that interventions are understood to be providing cultural, social and economic benefit to a wider public, rather than advantage to any specific organisation. So, they might look to support all creative and cultural businesses in a particular sector or place, or deliver sustainable culture and creativity for wider public audiences and participants. This approach aligns directly to Creative Scotland responsibilities as a distributor of National Lottery Funds which are intended to be used for the support of Good Causes.”

Review of support to the culture sector

As indicated in the PfG there are also plans for a wider review of support to 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.”

There are fewer details provided in the letter relating to this review, compared to the review of Creative Scotland. It is not clear what the role, if any, will be for the Scottish Parliament in the wider review of the sector.

SPICe asked Scottish Government officials how the two review processes will intersect. They confirmed that:

“the wider review of existing support for the sector will help to inform future funding models as well as exploring other ways in which the Scottish Government can work with partners to grow the overall funding pot for culture and diversify funding streams. This review will also consider what action can be taken to help

the sector to navigate current and future challenges and make the most of opportunities for collaborative working.

“The independent Chair of the Creative Scotland review will be responsible for the review of Creative Scotland and the Scottish Government will be responsible for the review of the wider culture sector. The Scottish Government recognise that it is essential that the culture sector has an opportunity to engage in this work and on 13 January a short survey will be launched to help inform the scope of both of these reviews.”

Robert Wilson, the Chair of Creative Scotland, last week said that his understanding was that there was a single review covering the sector. It is not clear how this marries with the information SPICe and the Committee has received directly from the Scottish Government.

The Committee's pre-budget report noted that it has "considered at length during Session 6 the role of innovative funding solutions to both maximise the impact of public funding and provide additional sources of funding". The Committee continued, "there is a need for much greater urgency and a clear pathway to make tangible progress on innovative funding solutions."

At this stage, it is not clear what role innovative funding solutions will play in the Government's review of arts and culture funding including the extent to which the review will consider the extensive work which the Committee has carried out in this area as part of its budget scrutiny throughout session 6.

Culture Strategy and Action Plan

The 2020 [Culture Strategy for Scotland](#) is organised around three “ambitions”. The ambition of *Strengthening Culture* is largely concerned with how policy can support the creation of culture through funding or in-kind support to the sector. The ambition of *Transforming through culture* is concerned largely with recognising the value culture can have to supporting outcomes in other policy areas – for example in supporting health, education, and tourism. The ambition of *Empowering Through Culture* addresses participation and supporting culture at community levels.

On 19 December 2023 after the announcement of additional funding to the culture and arts sectors, the Scottish Government published a [refreshed action plan](#) for the culture strategy. The action plan is organised under four chapters and three of the chapters relate directly to the three ‘ambitions’ in the 2020 strategy: Strengthening Culture; Transforming through Culture; and Empowering through Culture. The Action plan also includes a chapter on ‘Resilience’ and [a summary of actions](#).

On 20 June 2024 the Cabinet Secretary provided [an update on the action plan in a letter to the Committee](#). The letter noted the following progress:

- “A Culture Sector Fair Work Task Force has been established to provide recommendations on priority actions that Scottish Government and partners can take to further Fair Work across the culture sector.”

- Historic Environment Scotland has published the historic environment sector's [refreshed Skills Investment Plan](#) (SIP).
- "The Scottish Government accepted the recommendations of the [Empire, Slavery and Scotland's Museums group](#) in early 2024. We are continuing work by supporting the original project group to establish an experience-led organisation to lead on this work going forward."
- The Scottish Government published [Inspiring Connections: Scotland's International Culture Strategy 2024-30](#).
- The Scottish Government established a Culture and Health Working Group and Culture and Creativity in Learning Group.
- The Culture Value Summit, titled Connections and Partnerships: The Value of Culture in Communities, was run in partnership with the Convention Of Scottish Local Authorities (COSLA) and held at Verity House on 20 May 2024.
- The Scottish Library and Information Council have delivered the second round of the 2023/24 Scottish Government-funded Public Library Improvement Fund projects and are finalising arrangements for the 2024-25 PLIF programme.
- Creative Scotland, sportscotland and Community Leisure UK, working alongside research consultancy EKOS, have carried out research on local government delivery of and support for culture and leisure services in Scotland.

The Cabinet Secretary discussed the Action Plan in his December 2024 letter in response to the Committee's pre-budget work. He stated that:

"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."

Other areas of focus

Over the course of the Session the Committee has also explored other areas of policy including innovative funding streams, cross-portfolio working and multi-year funding.

Innovative funding streams

The Committee's pre-budget report noted that:

“Committee's view is that [the reviews of the culture sector] should take into account our previous work on innovative funding solutions. It should set out a clear pathway to making tangible progress in areas such as cross-portfolio funding, a Percentage for the Arts scheme, and leveraging private investment, as well as other possible solutions. We remain of the view that there is a need for much greater urgency to making progress in this area.”

The [Cabinet Secretary's response to the Committee's report](#) said that 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.”

This was reiterated by the Scottish Government officials who confirmed to SPICe that:

“the wider review of existing support for the sector will help to inform future funding models as well as exploring other ways in which the Scottish Government can work with partners to grow the overall funding pot for culture and diversify funding streams.”

In last year's [Pre-Budget Scrutiny 2024-25: Funding for Culture](#) report, 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.”

The Cabinet Secretary [responded by letter](#) to the Committee's report and, in terms of the Percentage of the Arts scheme, he told the Committee that the Government would “prioritise scoping potential delivery options, in 2024-2025 taking account of analytical, regulatory and legislative considerations”.

The National Galleries of Scotland submission said that “philanthropic support needs to complement core funding and public investment, not replace it ... current figures indicate that across the museum sector, only 1.3% of funding is from corporate sources, while 8.8% derives from private philanthropy.”

The risk of the withdrawal of corporate sponsorship from cultural organisations was discussed during the evidence session last week. Adrian Turpin, Creative and Strategic Director of Wigtown Festival Company was asked about the impact of the withdrawal of Bailie Gifford's sponsorship from the Festival. He noted that in the short-term support had been found to cover this, but he has not found a replacement of the funding in the long-term. He talked about having had to cut activity and make compulsory redundancies due to a lack of funding.

When discussing potential solutions, Mr Turpin suggested that the sector needed 'high level' action to enable any money that is out there to be channelled across the whole sector.

Cross-portfolio working

This session, the Committee has had a focus on how culture and the arts supports a range of outcomes across portfolios, for example in health. This reflects a key element of the 2020 Culture Strategy for Scotland; [one of the main ambitions in that strategy](#) is to “place culture as a central consideration across all policy areas including: health and wellbeing, economy, education, reducing inequality and realising a greener and more innovative future”.

The Committee explored cross-portfolio working with the Cabinet Secretary and the then Cabinet Secretary for Health and Social Care, Humza Yousaf MSP, in March 2022 as part of the Committee’s work on the Resource Spending review. At that meeting [Mr Yousaf told the Committee](#):

“I am keen to explore the benefits of broader health and wellbeing activities, including the role that culture can play, as part of our work on social prescribing. I am sure that we will get into the detail of that. Our 2021-22 programme for government made a commitment that, by 2026, every general practitioner practice will have access to a mental health and wellbeing service, which will help to grow community mental health resilience and direct social prescribing at a grass-roots level. ...

“It is right that we take a cross-Government approach to the work. Since I have been health secretary, for the past 10 months, I have made it clear to my officials and to colleagues across Government that we are not fortress health—we will not put our arms around what will now be an £18 billion budget and try to protect it just for ourselves. We absolutely understand the need to work across Government. Such work has undoubtedly been done previously, but we want to expand on it.”

Last year, in response to the Committee’s [2024-25 pre-budget report](#), the [Cabinet Secretary wrote a letter](#) stating:

“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.”

The chapter of the Culture Strategy Action Plan titled *Transforming through Culture* is focused on the instrumental value of culture – how culture can contribute to other outcomes aside from the intrinsic value of culture. This included a commitment to “engage across government to mainstream culture in policy making, prioritising health and education in the first instance”. 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.”

Multi-year funding

On the topic of 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 Committee acknowledged “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.”

The Cabinet Secretary said 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.”

As noted above, the Government expects to increase funding by £100m by 2028/29, including an additional £20m in 2026-27. The Government therefore should have a reasonable idea of the profile of the available resource in this portfolio, at least to April 2027. However, the reviews the Government is undertaking may militate against the providing indications to the directly funded culture organisations indicative budgets for future years.

Relationship between organisations and the Scottish Government

Last week the Committee heard evidence from Historic Environment Scotland and the National Galleries of Scotland regarding the different relationships they had with the Scottish Government, and the potential impact this will have on their organisations.

Anne Lydon, Director General of National Galleries of Scotland discussed the impact of policy decisions on the organisation. She described a ‘staffing cost trap’ due to the cumulative impact of the shorter working week, public pay policy, and non-compulsory redundancies being implemented without the organisation having a ‘seat at the table.’ In her view these policy decisions “constrain an organisation” and prevents them from changing their staffing profile to meet the changing needs of the organisation into the future. She told the Committee they are:

“Book-ended by policies that just make it very difficult for us to breakout and be as innovative as we want to be in future proofing the organisation... it is stifling us I would say – it means we cannot be as agile, we cannot be as flexible.”

Anne Lydon went on to explore the options that they are now considering due to the fact that “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.” She listed the possibility of shorter opening hours, opening for fewer days or permanently closing a building that the organisation can no longer afford to maintain, as options that are being explored this year to bring them out of their deficit position.

Katerina Brown, Chief Executive of Historic Environment Scotland (HES) shared details with the Committee regarding a new funding arrangement the organisation had agreed with the Scottish Government. This new framework would enable HES to work more flexibly and to plan their projects and finances over a number of years. They have agreed that there will be a £2 million reduction in Scottish Government funding each year for 5 years - £10 million in total – but in return HES will be allowed to carry over money from year-to-year. This will enable them to retain any surplus finances to reinvest in the subsequent year. Most public bodies’ ability to carry reserves is severely constrained.

Ms Brown suggested that the new framework has enabled them to set a 5 year financial strategy that focuses on growth in their income, allowing the organisation to be more entrepreneurial and more commercial in outlook. Katerina Brown did note that the arrangement was “not applicable to all organisations” in the sector.

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 for 2023-24. In real terms the increase is 15%.

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

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. In their evidence and their submission to the Committee last week, Historic Environment Scotland stated that:

“there is a lack of clarity about whether any additional funding will be available to fund increased employer national insurance contributions. For HES this equates to an additional £1.6 million of cost. In addition, the pay award recommendation of above inflation 9% over three years puts greater pressure on staffing budgets.”

Adrian Turpin, Creative and Strategic Director of Wigtown Festival Company and Fiona Sturgeon Shea, Chair of Culture Counts Steering Group both noted that additional NI contributions had a much lower impact on smaller organisations. For those organisations other challenges made a greater financial impact.

Non-domestic rates relief

While not directly within the Cabinet Secretary’s portfolio, the Scottish Government also will be making changes to the Non-Domestic Rates Relief scheme. [The SPICe briefing on the budget](#) explained:

“The Scottish Budget 2025-26 sees the 100% relief for hospitalities on islands maintained. In addition, the Cabinet Secretary announced that a new 40% relief will be available for ‘the 92% of hospitality premises liable for the Basic Property Rate, capped at £110,000 per business’. ...

“The wholly new announcement is that this relief will also cover Grassroots Music Venues with a capacity of up to 1,500, echoing the UK government approach announced in the Autumn Budget.”

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

						%age
	2018	2019	2020	2021	2022	2023
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

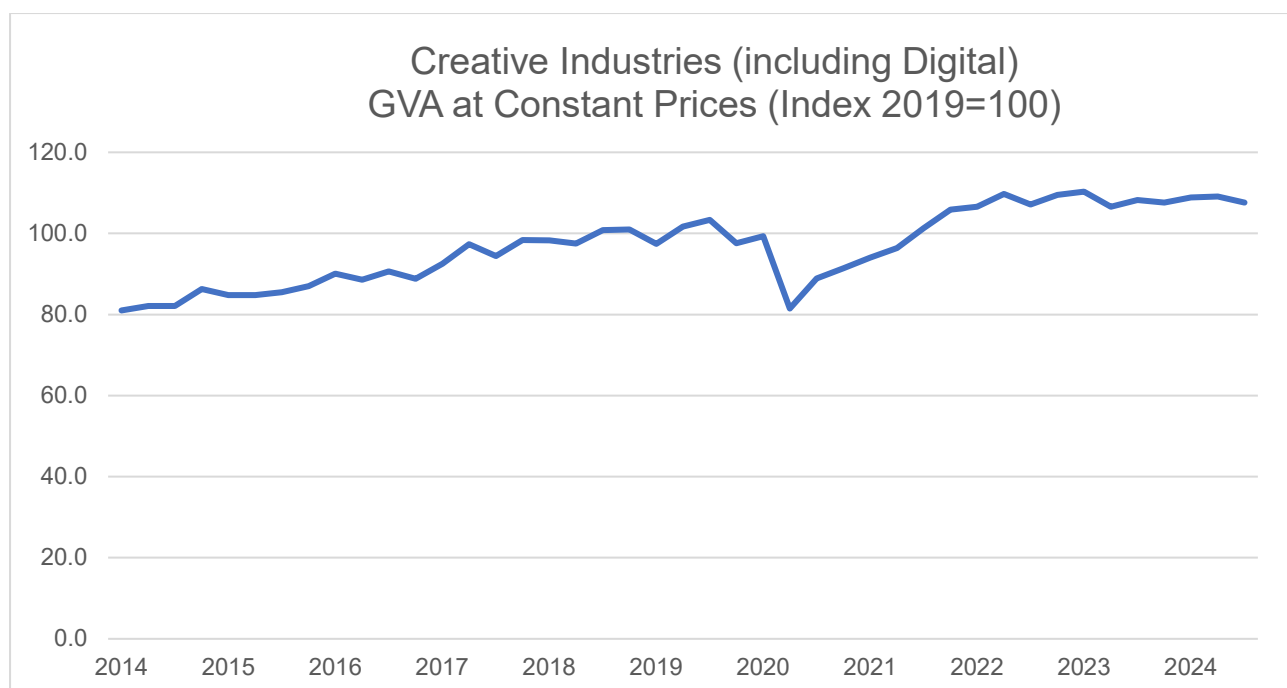
						%age
	2018	2019	2020	2021	2022	2023
Any excluding reading	53	52			51	50
Any including reading	76	75			75	74

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 were included in last week's paper.

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.”

Ned Sharratt, Senior Researcher (Education and Culture)

Laura Haley, Researcher (Justice and Social Affairs)

Iain McIver, Senior Researcher (EU and External Affairs)

SPICe

10 January 2025

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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	–	–

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 (£m)	ABR 2024-25	Budget 2025-26
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 (£m)	ABR 2024-25 (Resource)	ABR 2024-25 (Capital)	Budget 2025-26 (Resource)	Budget 2025-26 (Capital)
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.

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

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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.



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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

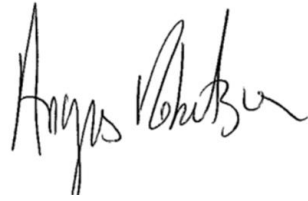
The Government is aware from discussions with culture stakeholders following publication of the draft budget that the significant increase in levels of funding announced for the sector is rightly fuelling debate around priorities for culture; particularly around the delivery of existing action plans 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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