14 January 2016

Dear Mr Maxwell,

Thank you for your letter to me on the 17th of December updating me on the work of the Committee in its investigations of the spending decisions made by Creative Scotland.

I will address your questions in the order that they were made.

**How does the Scottish Government currently assess whether Creative Scotland, through its support for the arts in Scotland, is providing value for money and in what way are its outcomes currently monitored?**

The Scottish Ministers expect all public bodies’ Accountable Officers to comply with the duty of Best Value and thus to make arrangements for securing the continuous improvement in performance whilst maintaining an appropriate balance between quality and cost. The nine characteristics of Best Value include a number of elements that Creative Scotland outlined in their evidence to you, such as responsiveness and consultation and the use of review and options appraisal, that they used in reforming their funding structures. The Scottish Government monitors these developments through formal sponsorship meetings, the regular review of papers that Creative Scotland prepares for their Board and scrutiny of their Audit and Risk Committee papers. Creative Scotland have demonstrated a commitment to further refine their funding programmes after radically simplifying them in 2014 and have already carried out a review of Open Funding to address some initial issues following the first six months of operation. I have in my Guidance Letters to Creative
Scotland for both 2014-15 and 2015-16 emphasised the importance of providing the evidence of support for the sector and associated outcomes through the performance management framework, which is in progress. Creative Scotland's first Annual Review for 2014-15 gives us a baseline to monitor performance though the length of their ten year plan.

How does the Scottish Government monitor the effectiveness of joint working between its agencies and how will it ensure that the lack of co-ordination shown in the case of Creative Scotland and Scottish Enterprise is not repeated or replicated elsewhere?

The Scottish Government expects that public agencies coordinate and provide complementary support services focused not on their internal processes, but on the needs of the sectors they serve. The Scottish Government monitors and reflect on the performance of NDPBs through the agreed sponsorship relationship, such as the Letters of Guidance which provide strategic direction on priorities, linked to the Programme for Government and through their annual reports. Performance is also reviewed against current and future strategies, for example the Creative Industries Strategy, which will be published shortly by Creative Scotland. The success of joint working can be seen in the recent allocation of funding through the £1m Screen Sector Skills Fund where applications were jointly assessed by Creative Scotland and Skills Development Scotland to ensure that that bids met both the needs of the Film Strategy 14-17 and the Creative Industries Skills Investment Plan and the good links between agencies and local authorities in the place-making work that was discussed at the evidence session. In relation to Creative Scotland and Scottish Enterprise, both parties agreed that it would be helpful for the sector if they formally clarified their roles and responsibilities in terms of support for the creative industries and that is what they have done by agreeing and publishing a Partnership Agreement.

What involvement has the Scottish Government had with Creative Scotland in developing its position on the BBC charter and what, if any, support does the Scottish Government consider could be provided to support television production in Scotland?

Scottish Government officials have proactively engaged with Creative Scotland over a number of months both formally and informally. Creative Scotland was invited to speak to officials as part of the formal stakeholder engagement work that the Scottish Government has undertaken for Charter Renewal and was also invited to attend the two stakeholder events that were held in 2015.

I also met with the Chair of Creative Scotland to discuss BBC Charter Renewal in November 2015. This was followed by a Scottish Government briefing session to the Creative Scotland chaired TV Working Group.

The Scottish Government has worked closely with its lead agency over the last 12 months to develop and deliver three new funds to support the screen sector: The £1.75m Production Growth Fund, the £1m Screen Sector Skills Fund and the £2m Tax Credit Loan Facility.
I have already made it clear in our response to the Energy, Economy and Tourism’s Inquiry into the creative industries in 2015, that I expect our public sector bodies to work together effectively to support the needs of the screen sector. In response to this Inquiry, Creative Scotland agreed to work with Scottish Enterprise, the TV Working Group, MG ALBA and Highlands and Islands Enterprise to address any issues relevant to improving support to the television production sector. The Scottish Government expects our public sector bodies to deliver a co-ordinated, effective and positive service to the screen sector in Scotland and to proactively address any issues and concerns.

**Could the Scottish Government indicate the strategic thinking around the provision of central funding packages being available through bodies other than Creative Scotland?**

The £1m funding package agreed for the national youth companies in December 2014 had very clear alignment with the existing goals of Creative Scotland and with longer term ambitions for the Year of Young People in 2018, as the award letter from the Scottish Government to Creative Scotland attached at Annex A makes clear. The Scottish Government regularly routes funding through Creative Scotland where that is appropriate. Examples of this include;

- the very successful Youth Music Initiative that supports music-making both in and out of schools for our young people,
- the Edinburgh Festivals Expo fund that supports specific projects at each of Edinburgh’s 12 festivals that have opportunities to showcase Scottish work and tour internationally such as the Made in Scotland programme at the Fringe;
- Time To Shine our youth arts strategy that has delivered activity throughout Scotland including youth arts hubs; and
- the Arts & Business ‘New Arts Fund’ which match funds donations from businesses to artistic endeavour.

**Could the Scottish Government indicate how it aligns the funding packages it holds centrally with the strategic objectives of Creative Scotland and can more be done to highlight the co-ordination of this work in future to avoid the type of criticisms we heard?**

Your letter specifies the criticism the Committee received about Creative Scotland’s support for the Scottish traditional music and arts sector. Creative Scotland have devolved a small amount of funding directly to TRACS to run a very small grant scheme for that specific sector. I understand from Creative Scotland that the thinking was that their existing Open Fund, which supports projects of up to £150,000 and with an appropriate degree of scrutiny and paperwork, did not seem appropriate for the often very small sums that make such a big difference in the traditional arts sector. However, this is an operational decision for Creative Scotland. Where they judge it as appropriate, there can be good reasons of efficiency and effectiveness for Creative Scotland to make such arrangements for
some sectors. Creative Scotland have also since their evidence to your Committee made clear their substantial support for traditional arts over and above the specific arrangements for TRACS.

FIONA HYSLOP
9 December 2014

Dear Janet,

You will be aware that we have been considering for some time how the Scottish Government might build on the success of the Commonwealth Games; deliver an enhanced youth legacy from that experience; and support our youth arts sector to work towards the Year of Young People in 2018.

In recognition of the value we place on Scotland’s youth arts, the then First Minister announced on 14 November a package of public and private sector funding to engage more of Scotland’s young people in culture and the arts through Time to Shine. This new £1m funding package will be a 3-year investment programme to support the national youth performing companies – the National Youth Choir of Scotland, National Youth Orchestra of Scotland, YDance and Scottish Youth Theatre to contribute to the youth arts strategy as we count down to the 2018 Year of Young People.

The new funding is intended to:

- Consolidate and strengthen the individual and collective role of national youth arts performing companies’ within Time to Shine

- Encourage new ways of collaborative working across the sectors to emerge, stimulated by national youth arts performing companies as part of the delivery of Time to Shine

- Extend the breadth, depth and quality of their engagement across Scotland

- Enable cross-organisational youth involvement within Time to Shine, including relationships with the youth arts hubs

The total package of funding is £1m across the three year period from 2015-18, of which £250,000 has been secured through a private donation from Clyde Blowers. The funding from Clyde Blowers will be paid in three instalments from October 2015.
Creative Scotland will administer and determine how best to allocate this fund and monitor its delivery over the course of this period; reporting mechanisms on outcomes achieved will be mutually agreed. We look forward to receiving further detail on specific plans for the fund and its usage in due course, once considered and approved by your Board in accordance with your governance arrangements.

We will include this new fund in your grant letter for 2015-16 when that is issued in spring 2015. This letter is intended as advance confirmation of this new funding to inform your targeted funds planning for this period.

With all best wishes,

Aileen McKechnie
Director of Culture & Heritage