CULTURE, TOURISM, EUROPE AND EXTERNAL RELATIONS COMMITTEE

AGENDA

16th Meeting, 2016 (Session 5)

Thursday 22 December 2016

The Committee will meet at 9.15 am in the Robert Burns Room (CR1).

1. **Scottish Government Reports:** The Committee will consider a number of bi-annual reports produced by the Scottish Government in relation to EU issues.

2. **Draft Budget Scrutiny 2017-18:** The Committee will take evidence from—

   Janet Archer, Chief Executive Officer, and Iain Munro, Deputy Chief Executive, Creative Scotland;

   Malcolm Roughead, Chief Executive, and Ken Neilson, Director of Corporate Services, Visit Scotland.

3. **Draft Budget Scrutiny 2017-18:** The Committee will take evidence from—

   Fiona Hyslop, Cabinet Secretary for Culture, Europe and External Affairs, Bettina Sizeland, Deputy Director for Tourism and Major Events, and David Seers, Head of Sponsorship and Funding, Scottish Government.

Katy Orr

Clerk to the Culture, Tourism, Europe and External Relations Committee
Room Tower T3.40
The Scottish Parliament
Edinburgh
Tel: 0131 348 5234
Email: Katy.Orr@parliament.scot
The papers for this meeting are as follows—

**Agenda item 1**

Note by the Clerk

**Agenda item 2**

Note by the Clerk

Note by SPICE

Note by SPICE

PRIVATE PAPER

**Agenda item 3**

Note by the Clerk

Note by the Clerk

Note by SPICE

PRIVATE PAPER
Culture, Tourism, Europe and External Relations Committee
16th meeting, 2016 (Session 5) Thursday 22 December 2016

Reports from the Scottish Government

Background

1. In the last session, the European and External Relations Committee received update reports from the Scottish Government on a six monthly basis, which the Committee would consider and comment on.

2. This process has been continued this session and reports have been provided by the Scottish Government on the following topics:
   - Horizon 2020, the main EU programme for funding research and innovation Projects;
   - The Scottish Government’s 1+2 Languages Policy;
   - The Scottish Government’s transposition of EU Directives;
   - European Structural and Investment Funds in Scotland

Horizon 2020 (Annexe A)

3. The report from the Scottish Government provides an update on the progress made in the development of the Horizon 2020 programme. The latest update provides information on Horizon 2020, the SME Instrument programme and the Vanguard Initiative.

1 + 2 Languages Policy (Annexe B)

4. This report relates to foreign language learning in schools and provides an update on:
   - Support for implementation;
   - Scotland’s National Centre for Languages (SCILT);
   - Association of Directors of Education (ADES);
   - Strategic planning; and
   - Strengthening the links between Scotland and our European partners

Scottish Government’s Transposition of EU Directives (Annexe C)

5. The Scottish Government is responsible for transposing EU obligations in devolved areas. This report provides an update on the transposition of EU legislation into domestic law in the last six months and on transposition currently in progress. The transposition report sets out each directive’s transposition deadline, the responsible Cabinet Secretary or Minister, the lead official within
the Scottish Government, and a summary of the action required to implement the directive.

6. This information allows Members to monitor whether the deadline date for transposition has been delayed or missed. The transposition deadline will be missed for four of the sixteen directives due to be transposed since the last report in February.

**European Structural and Investment Funds (ESIF) (Annexe D)**

7. The report on the European Structural and Investment Funds (ESIF) includes the following information:

- Details regarding the UK Government’s guarantee on European funding following the UK’s decision to leave the EU;
- Information on ESF and ERDF programmes; and

**Recommendation**

- The Committee is invited to consider these reports and indicate whether it wishes to follow up on any of the areas covered in the reports.

Mark Johnson
Assistant Clerk
I am pleased to provide the biannual report on Horizon 2020 to the Culture, Tourism, Europe and External Relations Committee. I hope the members find this useful.

**Horizon 2020**

Following the result of the UK EU Referendum Scottish organisations continue to be eligible to participate in the European Union’s competitive research and innovation programme, Horizon 2020. The data is based on the latest statistical release from Scotland Europa. Scotland continues to perform well with Scottish organisations securing over €296 million up to 30 September 2016. This reaffirms Scotland’s reputation as a partner of choice in both business and higher education & research capabilities. A detailed breakdown is provided in Annex A (Scotland’s Engagement in Horizon 2020).

Scotland’s higher education institutions and research institutes continue to attract the majority of funds secured in Scotland with almost 90%. In August the UK Government issued a statement that Treasury will underwrite payment of awards, even when specific projects continue beyond the UK’s departure from the EU. While this statement is welcome it fails to take into account the impact of uncertainty on potential collaborations. The importance of access to European innovation funding was highlighted previously when the Scottish Government and Universities Scotland released a joint statement in July highlighting the impact of the EU Referendum result and I will continue to work with the Further and Higher Education sectors to protect their interests as part of our on-going post referendum work.

**SME Instrument**

Further to the last report submitted in February I am pleased to inform you that SMEs in Scotland continue to do well. Scottish companies continue to have success in both Phase 1 and 2 of the Horizon 2020 SME Instrument programme. Phase 1 provides companies up to €50,000 to explore and assess the technical feasibility and commercial potential of their innovation. Phase 2 supports near to market activities such as prototyping, design, testing and market validation for which funding between €500,000 – €5 million can be awarded.

St Andrew’s House, Regent Road, Edinburgh EH1 3DG
www.gov.scot
Scotland’s engagement in Horizon 2020: Third performance monitoring and analysis update (November 2016)

This is the Fourth performance analysis update compiled by Scotland Europa and is based on an EC statistical bulletin on Horizon 2020 as released in November 2016.

Background
Formerly known as the Framework Programme, Horizon 2020 is the EU’s main programme for funding research and innovation projects. The programme was launched on 1 January 2014 and has a total budget of €76.4 billion (a 30% increase compared to the €53 billion for FP7). Almost €14.5 billion has been allocated to successful projects to date.

Horizon 2020 follows the same seven-year programming period as most other large EU funding programmes, with the current period being 2014-2020. It is a competitive programme with funding allocated to the best proposals, judged according to specific evaluation criteria. The programme is closely aligned with wider EU policy objectives.

Scientific excellence continues as the key driver for Horizon 2020, as before within the predecessor FP7 programme, with frontier research and researcher mobility projects funded under the Excellent Science pillar. There is also an increased prominence of the role of industry and SMEs within a second pillar, Industrial Leadership, which includes the Key Enabling Technologies and a specific funding scheme for SMEs. Horizon 2020 has also introduced a pillar for Societal Challenges. This approach is broader than the thematic priority areas in FP7, providing for a wider scope of activities that can be covered through collaborative research projects.

In the FP7 programme, Scotland was awarded €730 million in total.

Horizon 2020 funds so far secured for Scotland

The main statistics on Scottish participation to date are as follows:

- Scotland has secured almost €296 million in total. This represents 1.7% of the total allocated Horizon 2020 budget to date.
- The €296 million secured by Scotland is 11.2% of the total funding awarded to UK organisations (over €2.6 billion). Funding awarded to Wales and Northern Ireland is 2.1% and 1.6% respectively of the total amount awarded to the UK.
- Higher education institutions and research institutes in Scotland are collectively the main beneficiaries by organisation type, securing almost 80% (Over €235.5 million) of the funding awarded to Scottish organisations. This is €217.5 million to higher education institutions and over €18 million to research institutes.

1 Figures based on data received via BIS: 2016/09/30 on money awarded across Europe
2 Performance is reported post-evaluation, once grants have been awarded, and grant agreements have been signed within individual projects.
3 Research Institutes are classified by the European Commission as Research Organisations.
Scottish businesses have secured over £50 million of the Horizon 2020 funding awarded to Scotland to date, with SMEs accounting for over £39 million of this.

Within the 3 main pillars and 5 additional cross-cutting schemes, Scotland’s performance to date is as follows:

- Under the Excellent Science pillar, which includes Marie Skłodowska-Curie Actions and the European Research Council, almost €158 million has been awarded (over 53% of the overall €296 million awarded to Scotland).
- Under the Industrial Leadership pillar, over €42.5 million has been awarded (almost 14.5% of the funds awarded).
- Under the Societal Challenges pillar, almost €92.5 million has been awarded (over 31% of the funds awarded).

The 5 smaller cross-cutting schemes account for almost 1% of the funds secured by Scotland.

Under the Excellent Science pillar, Scotland has secured over €98.5 million of European Research Council funding and over €44.5 million under the Marie Skłodowska-Curie Actions.

The Societal Challenges pillar is split across 7 broad thematic areas and has the largest amount of the Horizon 2020 budget (£28.6 billion, or 42%). Scotland has secured a significant amount of funding within 3 of these:

- Health, Demographic Change and Wellbeing: almost €19 million (over 20% of Societal Challenge pillar funding secured in Scotland)
- Food Security, Sustainable Agriculture and Forestry, Marine and Maritime and Inland Water research: over €20 million (almost 22%)
- Secure, Clean and Efficient Energy: almost €29 million (Over 31%)

- The other Societal Challenges are: Smart, Green and Integrated Transport (over €8 million awarded to Scotland), Climate Action, Resource Efficiency and Raw Materials (Almost €8 million), Inclusive, Innovative and Reflective Societies (almost €5.5 million), and Secure Societies (almost €3 million).

- There is a 20% target for overall funding awarded to SMEs within the Leadership in Industrial and Enabling Technologies and Societal Challenges pillars of Horizon 2020. To date Scotland has secured over £135 million within these pillars, of which over £42 million has been awarded to Scottish SMEs. This equates to 31% of the funding. The SMEs which have secured funding are businesses, research organisations and other types of organisations which are classified by the European Commission as SMEs.\(^4\)

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\(^4\) Science with and for Society; Spreading Excellence and Widening Participation; Euratom and the European Institute of Innovation and Technology. The Commission’s Joint Research Centre also receives some funding.

\(^5\) This includes €33 million under ICT, the largest amount per individual scheme under this pillar.

\(^6\) The European Commission classifies as “Other” those legal entities registered as associations, non-profit organisations, NGOs and any other organisation not falling under the standard categories: Higher Education, Research Organisation, Private Commercial and Public Body.
The money awarded to Scottish organisations per individual project varies from €5,000 to €5.5 million.

Scottish participation in Horizon 2020 by organisation type

- Scottish organisations hold 566 roles within a total of 480 projects, with some projects featuring more than one participant from Scotland.

- Higher education institutions represent 397 (70%) of the Scottish roles across 367 projects. This consists of 16 different organisations.

- Businesses hold 97 roles within 91 projects (17% of the Scottish total roles), consisting of 73 different Scottish organisations. Of these, 12 businesses are involved in more than 1 project, two of which have 6 and 5 projects respectively with two others having 4 projects.

- Scottish business participation is dominated by SMEs, with 85.5% (83) of the roles held by businesses classified as SMEs. When incorporating all types of SMEs (including research institutes and others), Scottish SMEs hold 105 roles, which is 18.5% of the total number of roles held by Scottish organisations in projects.

- Scottish organisations hold 210 coordinator roles within projects, representing 37% of all Scottish roles. Of these Scottish coordinator roles, 177 are held by universities. Only 23 of these roles, of which 19 are under the SME Instrument scheme, are held by businesses.

- Scotland’s coordinator roles are distributed across only 36 different organisations: 12 different higher education institutions, 4 research organisations, 19 businesses and 1 public body.
1+2 Languages Policy - Relevance of language learning to all

I am pleased to provide the Committee with the Scottish Government's biannual update on 1+2 languages policy. This update follows Dr Allan's letter on 12 February 2016 to the previous European and External Relations Committee.

I welcome the Committee's continuing interest in language learning in schools, and thought it may be helpful for new Committee members to outline the background to the 1+2 Languages Policy.

Background

The 'Language Learning in Scotland: a 1+2 Approach' report was published in May 2012. It recommended that children are introduced to additional languages in primary school – the first in primary 1 and the second by primary 5 at the latest. A copy of the report and further detail on the policy is available here http://www.gov.scot/Topics/Education/Schools/curriculum/LanguageLearning.

In summary, the report found that language learning supports key cognitive skill development and boosts mother tongue literacy skills. It reinforces literacy skills of talking, listening, reading and writing, as well as transferable skills such as adaptability, flexibility and enhanced communication – skills which we know are highly prized by employers and will serve young people well as they move through school and into their working lives.

The Scottish Government accepted the report and since then has been working with partners to realise the ambition that all children should have the opportunity to learn two additional languages at school.

Support for implementation

Further to Dr Allan's letter, I am pleased to confirm that the Scottish Government remains firmly committed to enhancing and extending language learning for all children and young people from primary 1 onwards. I approved a further £5m this financial year to Local Authorities to support implementation of this policy, bringing the total additional money invested in Local Authorities for languages to £21.2m over the last four years.
Support for the sector is provided by Education Scotland and Scotland’s National Centre for Languages (SCILT) and we continue to fund SCILT, including the Confucius Institute for Scotland’s Schools (CISS), to provide support and resources on language learning, with the latter focusing on Chinese language and culture.

SCILT provides a wide range of support, and in the period since our last update this has included:

- The continued development of a range of materials which are available on their website, and which are used as the basis for engagement and professional learning workshops. An example from Douglas Academy on how they are implementing 1+2 is provided here [http://www.scilt.org.uk/A12ApproachtoLanguageLearning/Fromprimarytosecondary/DouglasAcademy/tabid/5800/Default.aspx](http://www.scilt.org.uk/A12ApproachtoLanguageLearning/Fromprimarytosecondary/DouglasAcademy/tabid/5800/Default.aspx).

- The addition of a new section to their website to foster interest in other cultures and encouraging respect [http://www.scilt.org.uk/EarlyYears/Multilingualismandheritagelanguages/tabid/5570/Default.aspx](http://www.scilt.org.uk/EarlyYears/Multilingualismandheritagelanguages/tabid/5570/Default.aspx). This has been supported by four successful events held jointly with Bilingualism Matters (a centre at Edinburgh University) that focused on the engagement of bilingual learners and the development of literacy skills across languages.

- Reworking their professional learning workshops in the light of current education priorities in order to highlight the contribution of language learning to delivering excellence and equity.

- Continued work to support regional networks between Higher Education, schools and Local Authorities to develop cross-sector working.

- Establishing a new working group on languages and inclusion with practitioners from mainstream and special education settings, academics and researchers to support engagement with parents as principal educators of their children.

- Taking a stronger role in chairing the National Engagement Group, which is a network of members including businesses, wider society and groups with an interest in language learning. This network looks to build expectation in society that language skills are the norm in school because of their value for employability.

- Developing more language-relevant case studies and job profiles with the Developing the Young Workforce Programme and Skills Development Scotland for their World of Work website.

- Beginning work to evaluate the impact on language uptake in the senior phase of the SCILT Business Language Champions programme, which builds partnerships between schools and local businesses.

Education Scotland has been working to develop benchmarks that provide clarity for practitioners on the standards envisaged within the curriculum. The benchmarks for modern languages will be published shortly. In addition they have held a local authority development officer conference and continue to represent Scotland at a range of language learning events.

We are also funding the British Council to administer the Language Assistants Programme, in order to ensure there is strong support for effective use of native speakers in schools.
There is continued growth in the number of Modern Language Assistants with 126 in Local Authority Schools (146 in total including Independent Schools) and 34 German Educational Trainees. We have also seen the first Portuguese Educational Trainee arrive at East Renfrewshire Council.

**Progress**

In early 2016 we commissioned the Association of Directors of Education in Scotland (ADES) to conduct an interim review of 1+2 implementation, and this was published in June 2016.

http://www.gov.scot/Topics/Education/Schools/curriculum/LanguageLearning/DES1plus2report

The review reports that there is much good progress to date, including:

- The view that the 1+2 policy is a popular aspect of learning and is integrated into Curriculum for Excellence.
- That Local Authorities and schools are committed to successful implementation.
- Impressive standards of teaching, level of engagement of pupils and skill levels of teachers and pupils.
- Some evidence to suggest that children with additional support needs and those with poor attainment appear to enjoy and have success in learning new languages.

This is supported by Education Scotland, which has found that in primary school:

- Language learning is increasingly delivered by the class teacher, once they have undergone a form of local authority led training or up-skilling in the target language and methodology.
- Some teachers deliver other curricular areas through the target language.
- There is an emerging picture of improving experiences for learners. Increasingly at first level, language learning is embedded into class routines and discrete lessons are delivered on a “little and often” basis.
- In addition to an earlier introduction to languages, practitioners are increasingly developing ways to make learning more relevant and engaging.

In secondary school, Education Scotland has found helpful practice is emerging with departments taking positive steps to engage young people more in their own progress and development. For example, they are becoming more involved in tracking their own progress and making decisions about their own learning.

The ADES review however also highlights challenges which are relevant to continued successful implementation, including the on-going need for professional development of staff, and for strategic planning and collaboration within and across local authorities. It highlights national commitment to maintain the pace of progress of implementation, funding and leadership at all levels, as key factors to maintaining momentum,
Strategic Plan

In order to meet the challenges highlighted by the ADES review and ensure continued successful implementation of the policy, the Strategic Implementation Group (SIG) – which is the national steering group for the policy – is developing a high-level strategic plan. The plan, which will be made available in the coming weeks, will guide the work of the SIG member organisations and set out the work to be achieved by 2021 for successful implementation in the key priority areas of: Communication and Engagement; Collaboration; Curriculum; and Professional Development.

Strengthening the links between Scotland and our European partners

In February, the Scottish Government received the interim evaluation document of what has been achieved in the first two years of the Scotland/France Statement of Intent, and aims for the final two years of the Statement. As a result of this agreement there are now partnerships between 30 of the 32 Scottish Local Authorities and their French academies, and work is underway to further strengthen those links.

Finally, I would like to highlight the national poetry competition, Mother Tongue Other Tongue. It is designed to encourage a greater understanding of the benefits of language learning. It now has as official patron Jackie Kay who has adopted the competition as part of her laureate project http://www.scilt.org.uk/MTOT/labid/5841/Default.aspx.

I would like to thank the Culture, Tourism, European and External Relations Committee for your support of the implementation of 1+2 over this new Parliament. 

JOHN SWINNEY
7 December 2016

Dear Joan,

To further enable the Committee's consideration of our implementation of European Union legislation, I am writing to update you on the Scottish Government's position in relation to its transposition of EU Directives as of 12 December 2016.

The Report (attached) lists those Directives which were transposed (in relation to devolved matters) by SSIs in the period from 12 February 2016 to 12 December 2016.

The Report also identifies UKSIs made (or brought into force) during this period which relied on section 57(1) of the Scotland Act 1998 to make provision in relation to devolved matters to transpose an EU obligation or change the way an EU obligation is currently implemented.

Until exit negotiations are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Scottish Government will continue to implement and apply EU law.

You will note from the Report that the Scottish Government has made (or brought into force) 4 instruments transposing EU Directives by SSI and 6 UKSIs made (or brought into force) since our last Report in February 2016. At the time of writing, there are a further 4 SSIs in progress for transposing EU Directives.

I trust you find this update informative in relation to our EU transposing obligations.

Alasdair Allan

ALASDAIR ALLAN
## EU Directives transposed by SSIs in the period from 12 February to 12 December 2016

<table>
<thead>
<tr>
<th>EU Directive</th>
<th>Transposition Deadline</th>
<th>Transposing SSI</th>
<th>Purpose of SSI</th>
<th>Lead Minister</th>
<th>Dates</th>
<th>Comments</th>
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<tbody>
<tr>
<td>Directive 2014/61/EU on measures to reduce the cost of deploying high-speed electronic communications networks</td>
<td>01 January 2016</td>
<td>The Building (Scotland) Amendment Regulations 2016</td>
<td>To transpose Article 8 of Directive 2014/61/EU</td>
<td>Minister for Local Government and Housing</td>
<td>Laid before the Scottish Parliament on 04 February 2016 and came into force on 01 July 2016</td>
<td>The transposition deadline was missed by around 1 month due, among other things, to efforts to coordinate implementation with other UK administrations. However, the necessary measures were in place from 01 July 2016 as required by the Directive.</td>
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<tr>
<td>Directive 2014/99/EU amending, for the purposes of its adaptation to technical progress, Directive 2009/126/EC on Stage II petrol vapour recovery during refuelling of motor vehicles at service stations</td>
<td>12 May 2016</td>
<td>The Pollution Prevention and Control (Scotland) Amendment Regulations 2016</td>
<td>To amend the Pollution Prevention and Control (Scotland) Regulations 2012 to effect a change as a consequence of the amendment of Directive 2009/126/EC</td>
<td>Cabinet Secretary for the Environment, Climate Change and Land Reform</td>
<td>Laid before the Scottish Parliament on 25 January 2016 and came into force on 12 May 2016</td>
<td>None</td>
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</table>
EU Directives relevant to UKSIs (citing section 57(1) of the Scotland Act 1998) in the period from 12 February to 12 December 2016

<table>
<thead>
<tr>
<th>EU Directive</th>
<th>Transposition Deadline</th>
<th>Transposing SI</th>
<th>Purpose of SI</th>
<th>Lead Minister</th>
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<th>Comments</th>
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<tbody>
<tr>
<td>Directive 2014/40/EU on the approximation of the laws, regulations and</td>
<td>20 May 2016</td>
<td>The Tobacco and Related Products Regulations 2016</td>
<td>To, among other things, transpose aspects of Directive 2014/40/EU</td>
<td>Minister for Public Health and Sport</td>
<td>Laid before UK Parliament on 22 April 2016 and came into force on 20 May 2016</td>
<td>Given the multifaceted relationship between reserved and devolved matters in this area, it was considered important to implement a UK-wide approach to maintain a streamlined and clear regulatory framework. This also avoids unnecessarily complex and potentially overlapping legislation.</td>
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<td>administrative provisions of the Member States concerning the manufacture,</td>
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<td>presentation and sale of tobacco and related products and repealing Directive</td>
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<td>2001/37/EC</td>
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<td>Directive 2013/39/EU amending Directives 2000/60/EC and 2008/105/EC as regards priority substances in the field of water policy</td>
<td>14 September 2015</td>
<td>The Water Environment (Water Framework Directive) (Northumbria and Solway Tweed River Basin Districts) (Amendment) Regulations 2016</td>
<td>To, among other things, transpose aspects of Directive 2013/39/EU in relation to river basin areas which straddle the border with England</td>
<td>Cabinet Secretary for the Environment, Climate Change and Land Reform</td>
<td>Laid before UK Parliament on 10 February 2016 and came into force on 03 March 2016</td>
<td>Directive 2013/39/EU was transposed for most areas of Scotland by SSIs 2015/211 and 2015/270. However, given that the existing UK legislative framework for jointly managing cross-border river basin areas is reserved (insofar as it involves areas in England), transposition has been achieved by updating the existing UK legislation by means of a further UK SI.</td>
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<td>Directive 94/62/EC on packaging and packaging waste</td>
<td>N/A - The Directive has already been transposed. However, measures in SI 2007/871 which support the attainment of targets in Article 6(1) of the Directive, are amended for efficiency.</td>
<td>The Producer Responsibility Obligations (Packaging Waste) (Miscellaneous Amendments) Regulations 2016</td>
<td>To, among other things, amend SI 2007/871 (insofar as it extends to Scotland) to simplify applications for packaging and compliance schemes and to transfer responsibility for approving these to the Scottish Environment Protection Agency.</td>
<td>Cabinet Secretary for the Environment, Climate Change and Land Reform</td>
<td>Laid in draft before the UK Parliament, made on 23 February 2016 and came into force on 24 February 2016</td>
<td>The amendments made by this SI make the existing system of ‘producer responsibility’ (established jointly for the UK) by SI 2007/871 more efficient. It was considered expedient for these amendments (insofar as they extend to Scotland) to be made by UK SI, since broadly equivalent changes are also made to the scheme for rest of the UK.</td>
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<tr>
<td>Directive 2009/31/EC on the geological storage of carbon dioxide</td>
<td>N/A - The Directive has already been transposed. However, some functions under an existing UK-wide regime which partly implements Directive 2009/31/EC are transferred to a new body.</td>
<td>The Energy (Transfer of Functions, Consequential Amendments and Revocation) Regulations 2016</td>
<td>To, among other things, transfer to the Oil and Gas Authority functions under various UK-wide regimes (including a scheme in relation to the storage of carbon dioxide established by SI 2011/1483 which implements aspects of Directive 2009/31/EC).</td>
<td>Cabinet Secretary for the Environment, Climate Change and Land Reform</td>
<td>Cabinet Secretary for the Economy, Jobs and Fair Work</td>
<td>Laid before the UK Parliament on 13 September 2016 and came into force on 1 October 2016</td>
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<tr>
<td>(2) The European Union (Recognition of Professional Qualifications) (Amendment) Regulations 2016</td>
<td>(1) To transpose provisions of Directive 2013/55/EU facilitating quicker recognition of qualifications in regulated health and social care professions</td>
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<td>(2) To transpose aspects of changes made by Directive 2013/55/EU, in relation to other professions</td>
<td>(1) Cabinet Secretary for Health and Sport</td>
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<td>(1)</td>
<td>Laid before the UK Parliament on 28 October 2016 and 18 November 2016</td>
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<td>(2)</td>
<td>Minister for International Development and Europe</td>
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<td>Laid before the UK Parliament on 17 November 2016 and came into force on 8 December 2016</td>
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It was considered expedient for these Regulations (insofar as they extend to Scotland and include provision in relation to devolved matters) to be made by UK SI, since broadly common changes to these existing UK-wide regimes are desirable.
## EU Directives in the process of being transposed by SSIs as at 12 December 2016

<table>
<thead>
<tr>
<th>EU Directive</th>
<th>Transposition Deadline</th>
<th>Transposing SSI</th>
<th>Purpose of SSI</th>
<th>Lead Minister</th>
<th>Dates</th>
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</thead>
<tbody>
<tr>
<td>Directive 2014/96/EU on the requirements for the labelling, sealing and packaging of fruit plant propagating material and fruit plants intended for fruit production, falling within the scope of Council Directive 2008/90/EC</td>
<td>31 December 2016</td>
<td>The Fruit Plant Propagating Material (Scotland) Regulations 2017</td>
<td>To transpose Directive 2014/96/EU</td>
<td>Cabinet Secretary for the Rural Economy and Connectivity</td>
<td>Due to be laid before Parliament and come into force as soon as practicable in 2017</td>
<td>The transposition deadline will be missed due, among other things, to efforts to coordinate implementation with other UK administrations.</td>
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<tr>
<td>Directive 2014/97/EU implementing Directive 2008/90/EC as regards the registration of suppliers and of varieties and the common list of varieties</td>
<td>31 December 2016</td>
<td>The Fruit Plant Propagating Material (Scotland) Regulations 2017</td>
<td>To transpose Directive 2014/97/EU</td>
<td>Cabinet Secretary for the Rural Economy and Connectivity</td>
<td>Due to be laid before Parliament and come into force as soon as practicable in 2017</td>
<td>The transposition deadline will be missed due, among other things, to efforts to coordinate implementation with other UK administrations.</td>
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<tr>
<td>Directive 2014/98/EU implementing Directive 2008/90/EC as regards specific requirements for the genus and species of fruit plants referred to in Annex I thereto, specific requirements to be met by suppliers and detailed rules concerning official inspections</td>
<td>31 December 2016</td>
<td>The Fruit Plant Propagating Material (Scotland) Regulations 2017</td>
<td>To transpose Directive 2014/98/EU</td>
<td>Cabinet Secretary for the Rural Economy and Connectivity</td>
<td>Due to be laid before Parliament and come into force as soon as practicable in 2017</td>
<td>The transposition deadline will be missed due, among other things, to efforts to coordinate implementation with other UK administrations.</td>
</tr>
<tr>
<td>Directive 2015/1480/EU amending several annexes to Directives 2004/107/EC and 2008/50/EC laying down the rules concerning reference methods, data validation and location of sampling points for the assessment of ambient air quality</td>
<td>31 December 2016</td>
<td>The Air Quality Standards (Scotland) Amendment Regulations 2016</td>
<td>To transpose Directive 2015/1480/EU</td>
<td>Cabinet Secretary for the Environment, Climate Change and Land Reform</td>
<td>Laid before Parliament on 18 November 2016 and due to come into force by 31 December 2016</td>
<td>None</td>
</tr>
<tr>
<td>---</td>
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</tr>
<tr>
<td>Directive (EU) 2016/11 amending Annex II to Directive 2002/57/EC on the marketing of seed of oil and fibre plants</td>
<td>31 December 2016</td>
<td>The Seed (Miscellaneous Amendments) (Scotland) Regulations 2016</td>
<td>To transpose Directive (EU) 2016/11</td>
<td>Cabinet Secretary for the Rural Economy and Connectivity</td>
<td>Due to be laid before Parliament on 22 December 2016 and come into force by 06 February 2017</td>
<td>The transposition deadline will be missed by about 1 month. This delay will not however affect industry because the Directive relaxes standards for varietal purity in a hybrid spring swede rape which is not grown in Scotland.</td>
</tr>
</tbody>
</table>
Dear Joan

It has been six months since my last update to the Committee on European Structural Funds, and I am pleased to share the following progress with you:

**BREXIT**

On 2 November 2016, Derek Mackay, Scottish Government’s Finance Secretary announced that the UK Government’s guarantee on European funding would be passed on in full. The guarantee means that all projects formally approved prior to the UK leaving the EU will be honored in full, even if they complete after the UK has left. Scottish Government provides regular forecasting to HMT on the levels of funding required to meet this commitment by the UK Treasury.

However, there are no guarantees on EU funding streams after the UK leaves the EU, leaving a number of sectors of the Scottish economy facing an uncertain future. We will negotiate with the UK Government to ensure that future financial support for the range of initiatives currently supported by European Funds is allocated on a fair and equitable basis across the UK post-Brexit.

**ESF and ERDF Programmes 2014-20**

European Structural Funds programmes 2014-20 are worth £941 million (£800m) to Scotland. Over 200 projects have been approved by the Managing Authority (Scottish Government) and endorsed by Scottish Ministers committing over £383 million of ERDF and ESF to projects across Scotland. This represents almost 50% of the total value of the Structural Funds programmes in Scotland for 2014-20 and involves collaboration between the Scottish Government, the wider public and third sectors.

Communications activity has been limited by pre-election periods covering both the Scottish Parliamentary elections and the UK Government Referendum on membership of the EU. These coincided with increased activity by the Managing Authority to approve projects and as a consequence curtailed the frequency of significant announcements of ESF and ERDF.
However, the last few months have seen announcements and promotion of EU funding for projects across Scotland which will support low carbon travel and transport, a resource efficient economy, and business competitiveness. In addition to this, European Social Funding is being used to tackle poverty and promote equal opportunity.

The European Commission has approved the designation of authorities for the funds, allowing us to both pay out funding to beneficiaries and make payment claims to the European Commission. The Managing Authority (Scottish Government) and Audit Authority (Scottish Government) will continue to work together to strengthen and improve controls to make sure we can properly account for the expenditure during the programme period.

Suspensions to ESF and ERDF Programmes 2007-13
In 2015 the error rate prompted suspension of re-payments from the European Commission (EC) to the SG in relation to three programmes pending clarification of errors and audit issues. These issues have now been addressed, the errors were reduced significantly and the underlying management and control issues addressed. In detail:

- A financial correction of £14 million was made equivalent to the final error. The final reconciliation for the programme will not be completed until 2018 and means the final penalty may be less than £14 million.
- This has been presented by Audit Scotland as a loss of grant to the Scottish Government in the 2015/16 audit published 30 September 2016. This has not impacted on funding of the projects as the SG had already paid out their claims.
- All three suspensions have now been lifted by the EC and over £165 million been released to the Scottish Government.
- The new European Structural Funds programmes have already learned lessons and now carry out more checks on payment claims before paying out.
- Auditors have confirmed the Scottish Government’s newly designed management and control system for the 2014-20 ESF/ERDF programmes is fit for purpose.

Keith Brown
Culture, Tourism, Europe and External Relations Committee

16th meeting, 2016 (Session 5) Thursday 22 December 2016

Draft Budget Scrutiny 2017-18

Written submissions

The following written submissions were received in advance of the meeting:

- Creative Scotland
- Visit Scotland
Initial response to the Draft Budget 2017-18

Following the Scottish Government's draft budget announcement yesterday, we are pleased to say that Creative Scotland’s discretionary Grant in Aid budget for 2017/18 is £32,112,000, remaining broadly the same as in 2016/17.

Our Board will meet next week to respond to this budget announcement and agree our high level budget for 2017/18. Further communications will be issued as appropriate after that.

As always, we continue to work closely with the Scottish Government to ensure that the arts, screen and creative industries in Scotland are confident, connected and thriving.

Creative Scotland’s discretionary Grant in Aid Budget for 2016/17 is £32,212,000.

The Scottish Government’s draft budget presents a discretionary Grant in Aid budget for 2017/18 of £32,112,000.

Chapter 12, focusing on Culture, Europe and External Affairs in the Scottish Government draft budget can be found at: www.gov.scot/Publications/2016/12/6610/15.

Our income from National Lottery funding is not affected by the Scottish Government draft budget.

Full budget details for 2016/17 are provided in Creative Scotland’s Annual Plan (PDF).

The following links may also be of interest:

- Creativity Matters – an on-line resource which outlines the value that public funding delivers for the people of Scotland, drawing on different sources of independent research:
  www.creativescotland.com/what-we-do/creativitymatters

- Our Annual Plan for 2016/17 setting out our budgets and objectives for the year:
  www.creativescotland.com/what-we-do/annual-plan

  www.creativescotland.com/resources/our-publications/annual-reviews/2014-15

1 Published on Creative Scotland’s website on 16 December 2016:
VisitScotland

VisitScotland’s Budget 2017-18

VisitScotland is pleased that its budget for the next financial year will be maintained at £43.9 million, exactly the same level as 2016/17.

This is very positive and an indication of not only the Scottish Government’s recognition of the importance of tourism to the Scotland’s economy, but also that of the Scottish Parliament, as evidenced through MSP participation in the Cross Party Group on Tourism and MSP support for VisitScotland’s Spirit of Scotland global brand campaign.

The Visitor Economy

The visitor economy generates £11 billion of economic activity, with almost 15 million visitors spending £9 billion, which in turn supports 217,000 jobs – an increase of 11% from 2014 to 2015.

A strong visitor economy helps to position Scotland on the world stage, whilst the economic impact of the visitor spend spreads out from the traditional component parts of the tourism industry into other sectors such as arts and crafts, food and drink, cultural activities, sports events, activities and retail.

Reflecting the ongoing success of the sector tourism Gross Value Added (GVA) associated with tourism has increased by 42% since 2008, with more to come as VisitScotland, working with local authority partners, has identified through the National Tourism Development Framework £16 billion of investment in tourism and tourism related projects.

For every £60,000 spent by visitors a new job is created, with tourism a lifeline to communities across Scotland, providing sustainable wealth and jobs in every corner of the country.

VisitScotland’s role

As Scotland’s national tourism organisation, VisitScotland supports the continued growth of the visitor economy through our principal activities.

These involve:

- the marketing of Scotland to all parts of the world (including Scotland and the rest of the United Kingdom) to attract visitors;
- providing information and inspiration to visitors and potential visitors so that they derive the best experience from a visit to Scotland;
- providing quality assurance to visitors and quality advice to industry; working with partners to assist the tourism industry in not only meeting but exceeding visitors’ expectations;
- and the development of a portfolio of events that deliver impact and an international profile for Scotland by establishing Scotland as the perfect stage for events.
VisitScotland is a marketing specialist and a key economic development agency, driving growth in the visitor economy alongside Scottish Development International, Highland and Islands Enterprise and Scottish Enterprise.

Our organisation is the lead body for the visitor economy. In fulfilling this role in economic development VisitScotland takes a proactive role in areas such as air connectivity, skills, national and local planning, including the National Tourism Development Framework for Scotland, and is the holder of the vision for the Scottish Visitor Economy.

**What we do**

VisitScotland’s work contributes to the Tourism 2020 Strategy ambition of growing tourism revenues by £1bn by 2020 from a baseline of £4.5bn. We market Scotland to the world through innovative campaigns and promote Scotland’s international profile as one of the world’s leading events destinations.

We work closely with tourism businesses, listening to them and enabling them to better understand international opportunities and, through membership of our Quality Assurance schemes, we support and advise businesses helping improve the quality and sustainability of the tourism sector in Scotland.

The Quality Assurance schemes provide assurance to visitors and there are currently 7,000 businesses in our QA schemes.

VisitScotland provides information and inspiration to visitors via digital channels as well through our iCentre network and through our new partner scheme, iKnow Scotland which has 600 members, ranging from B&Bs to major visitor attractions and Historic Environment Scotland properties. Visitors now have greater access to high quality information than ever before, delivered where and when they need it.

**VisitScotland’s Economic Impact**

The table illustrates the areas of activity where VisitScotland has been able to estimate net direct economic impact, with associated GVA and jobs supported across Scotland’s economy.

It is important to note that it is not possible to provide a total figure for VisitScotland’s contribution to Scotland’s economy due to a possibility of double counting across activities. For example, a visitor at an EventScotland supported event may have flown to Scotland on a supported air route, stayed in Quality Assured accommodation and have been influenced by VisitScotland marketing. Therefore, the estimates below should not be aggregated together, but instead considered on an activity by activity basis.
### Summary of Economic Impact Estimates 2015/16

<table>
<thead>
<tr>
<th>Interventions 2015-16*</th>
<th>Gross Economic Activity - £M</th>
<th>Net Economic Impact (Direct) - £M</th>
<th>GVA - £M</th>
<th>FTE Jobs Supported</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Consumer Marketing – Short Haul/Europe (Jan – Dec 2015)</td>
<td>332</td>
<td>19</td>
<td>12</td>
<td>301</td>
</tr>
<tr>
<td>Rest of UK &amp; Ireland Consumer Marketing (Mar 2015 – Feb 2016)</td>
<td>513</td>
<td>32</td>
<td>20</td>
<td>520</td>
</tr>
<tr>
<td>Scotland Consumer Marketing (Mar 2015 – Feb 2016)</td>
<td>343</td>
<td>3</td>
<td>2</td>
<td>42</td>
</tr>
<tr>
<td><strong>Consumer Marketing Total</strong></td>
<td>1,439</td>
<td>72</td>
<td>45</td>
<td>1,148</td>
</tr>
<tr>
<td>EventScotland – Golf Programme (includes The Open 2015)**</td>
<td>n/a</td>
<td>91</td>
<td>34</td>
<td>894</td>
</tr>
<tr>
<td>EventScotland – International Programme**</td>
<td>n/a</td>
<td>100</td>
<td>38</td>
<td>982</td>
</tr>
<tr>
<td>EventScotland – National Programme**</td>
<td>n/a</td>
<td>5</td>
<td>2</td>
<td>47</td>
</tr>
<tr>
<td>EventScotland – Special Beacon Programme**</td>
<td>n/a</td>
<td>6</td>
<td>2</td>
<td>55</td>
</tr>
<tr>
<td>**EventScotland Total **</td>
<td>n/a</td>
<td>202</td>
<td>76</td>
<td>1,978</td>
</tr>
<tr>
<td>Expo 2015</td>
<td>4</td>
<td>1.7</td>
<td>1.1</td>
<td>27</td>
</tr>
<tr>
<td><strong>Route Development – Halifax-Glasgow, Abu Dhabi-Edinburgh, Paris CDG-Glasgow: all within one year of launch</strong></td>
<td>55</td>
<td>25</td>
<td>15</td>
<td>407</td>
</tr>
<tr>
<td><strong>National Bid Fund – conferences that took place 2015</strong></td>
<td>9</td>
<td>5</td>
<td>3.5</td>
<td>86</td>
</tr>
<tr>
<td>QA Scheme</td>
<td>88</td>
<td>20</td>
<td>12</td>
<td>306</td>
</tr>
<tr>
<td><strong>iCentre Network (Jan – Dec 2015)</strong></td>
<td>59</td>
<td>1.2</td>
<td>0.8</td>
<td>41</td>
</tr>
</tbody>
</table>

*In some cases the intervention measurement period doesn’t align with the financial year – where this is true the date ranges included have been highlighted.

**EventScotland net economic impact estimates include the indirect and induced multiplier effects – thus are not directly comparable with other activities capturing only the direct net economic impact. Gross Economic Activity estimates are not currently available for EventScotland. In 2016-17 EventScotland will introduce a new economic impact assessment model in line with the wider VisitScotland Economic Measurement Framework – this will overcome the challenges outlined.
Scotland’s visitors

Scotland’s key market is the rest of the UK, generating 83% of Scotland’s visitors each year.

Through international campaigns VisitScotland targets the high yield markets of North America, Germany and France, presenting strong opportunities to maintain and grow Scotland’s share of their outbound holiday taking.

We are also active in the emerging markets of India and China, working with international partners, including VisitBritain, to raise Scotland’s profile as a must visit destination. VisitScotland undertook a successful business mission to China in November and a business mission to India will take place in February next year.

By targeting our campaigns at the best prospects we are able to encourage visitors from across the globe to enjoy a visit to Scotland. Evidence of Scotland’s place as a leading destination is highlighted in the full year visitor numbers for 2015 with 14.86 million domestic and overseas visitors. Corresponding spend was £5.1 billion by overnight visitors and £3.9 billion by day visitors.

For the first half of 2016 overseas visits increased by 2.6%, with spend up 9.3%.

The Spirit of Scotland

February 2016 saw the launch of the *Spirit of Scotland*, VisitScotland’s first ever global brand campaign, underpinned by developments in our digital offering, customer experience and partnerships. The first nine months have delivered the highest level of visitor engagement and referrals to industry - up by 15% - and we’re on track to deliver significant economic impact to the Scottish economy. Our economic impact study (details included above) shows that VisitScotland campaign activity in 2015/16 generated £72 million net direct economic impact.

A short highlights paper with infographics is included and sets out detail on results associated with the *Spirit of Scotland*.

Cultural Tourism and Film Tourism

Scotland’s rich mix of traditional and contemporary culture is a key draw for many of our visitors. For example 44% of our visitors take in one or more of our museums and galleries; 57% of visitors to Scotland visit castles or stately homes; and 37% visited a heritage centre, such as New Lanark.

It is estimated that Scotland’s 460 museums and galleries sustain over 3,500 tourism related jobs, while the total induced economic impact of museums and galleries is estimated at £891m. Further, an estimated £2.3 billion is contributed to Scotland’s economy by our historic environment, supporting 60,000 jobs.

These are key assets for Scotland and VisitScotland works with partners, including Creative Scotland and Historic Environment Scotland to promote Scotland to audiences around the world, highlighting the country’s excellent cultural tourism offer.

All 68 of the Historic Environment Scotland (HES) staffed properties participate in VisitScotland’s Quality Assurance scheme. Many of the HES attractions feature
restaurants offering authentic Scottish produce. Eight of these, Edinburgh Castle, Stirling Castle, Urquhart Castle, Caerlaverock Castle, Aberdour Castle, Skara Brae, Duff House and Fort George have been awarded Taste Our Best accreditation from VisitScotland.

HES properties across Scotland are a core element of the visitor experience in Scotland and appropriate links to the VisitScotland marketing team help in ensuring HES messaging is delivered across key channels. In addition HES are a key partner with the ‘Castle Trail’ activity, an initiative in partnership in the North East with VisitScotland, The National Trust for Scotland and VisitAberdeenshire.

HES are a key participant in VisitScotland expo, as well as partnering with VisitScotland at other shows in the UK and abroad focusing on the travel trade and business tourism. HES also receives EventScotland partner event support for various consumer events they run at their properties including funding of ‘The Rock of Ages’ at Dumbarton Castle in June 2016.

VisitScotland, through the Events Directorate, works closely with Creative Scotland in a number of ways including: co-funding cultural events across our funding portfolios; Creative Scotland representation on Themed Year Steering and Working Groups; partnership working across a number of forums and groups, for example Thundering Hooves, Festivals Forum, National Gaelic Arts Strategy Group; VisitScotland Events Directorate participation in Edinburgh Festival EXPO funding panel / recommendations to the Scottish Government; and frequent participation from Creative Scotland representatives on our event funding panels.

Additionally, Creative Scotland supports the delivery of The National Events Strategy, Scotland the Perfect Stage and is part of the Team Scotland approach for major events such as Glasgow 2018 European Championships and Solheim Cup 2019.

Through our involvement in Thundering Hooves and the Festival Forum VisitScotland is playing its part in sustaining and strengthening Edinburgh’s status as the world’s leading festival city.

Edinburgh’s festivals attract artists, audiences and media from over 70 countries, audiences of over four million whilst generating £261million annually for the economy.

VisitScotland works with the festivals individually and collectively, through Festivals Edinburgh, to promote the Edinburgh status as festival stat Examples of this activity include the promotion of Edinburgh’s world leading festival status through sell-out performances of the Royal Edinburgh Military Tattoo in Australia and New Zealand this year. VisitScotland also worked with Scottish Government and Scottish Development International during Scotland Week in New York this year to showcase Scottish theatre talent and, as part of 2017’s Year of History, Heritage and Archaeology, VisitScotland will launch a contemporary Trad music and festivals project.

VisitScotland works closely with the national performing companies and created a system which made it easy for them to upload their performances to the
VisitScotland.com events database. This has led to these being featured regularly in our consumer e-zines. A recent inclusion was a link to live streaming of the RSNO St. Andrew’s day concert and a joint promotion for consumers to win a year’s supply of tickets to performances of all five companies - an effective way of cross promoting all five companies and promote them to new audiences.

The performing companies are also important in the Spirit of Scotland campaign, with the musical score for the Spirit of Scotland campaign created by the RSNO and performers from Scottish Ballet, Scottish Opera and the National Theatre of Scotland set to feature in a short promotional film highlighting #ScotSpirit.

A further important area is film tourism, with 40% of people influenced to come to the UK after seeing it on a film or on television and, in a poll by USA Today in 2015, Scotland was voted the world’s Best Cinematic Destination.

Whilst Creative Scotland Locations works to secure filming opportunities for Scotland, VisitScotland works closely with production companies to maximise the benefits of filming in Scotland by producing content including guides, trails and maps for visitors. Recent examples include material created around Outlander and Macbeth, with activity planned for Guy Ritchie’s forthcoming film King Arthur.

To capture visitors’ interest in film, VisitScotland’s produced Set in Scotland: A Film Fan’s Odyssey, a guide to films shot in Scotland. The guide was made available free of charge in VisitScotland iCentres and branches of Waterstones and is still available online on VisitScotland.com in the dedicated Film and TV section.

Extending our reach and enhancing Scotland’s international reputation

Over the past 10 years VisitScotland has been working with partners across the world, sharing knowledge and expertise.

VisitScotland works with international partners in a number of countries and regions including Sweden, Norway, Malta, Flanders, Northern Ireland, the Basque Country, Iceland, Nova Scotia, Alberta, Queensland and New Zealand on best practice in the areas of quality, information, marketing and events.

Countries are increasingly looking to Scotland as a model of success. VisitScotland is sharing the experience of hosting the Commonwealth Games with Queensland - the next host; has an MOU with Iceland and an MOU with New Zealand on events; and is working with Sweden and Norway on quality.

As a national tourism organisation, we hold considerable international credibility and reputation as a body of excellence. It is also a positive message for our own industry that Scotland is held in such high regard by so many other countries.

Delivering for all our communities

We are leading the way on social inclusion projects, making accessible tourism and social tourism key strands within our strategy.

Accessible Tourism, for people with disabilities, is an area that VisitScotland has been working on for the last three years. Social Tourism, for people from disadvantaged backgrounds, is a newer initiative for VisitScotland which we are
progressing. We are working with disabilities groups on both physical and online accessibility, as well as looking to Flanders, a recognised world leader in both of these areas for examples of good practice.

The value of the Accessible Tourism market to Scotland has grown by 20% since 2009 and the industry has responded very positively to this opportunity. In 2013, tourism parties from the UK, in which at least one member of was identified as disabled, contributed approximately £1.3 billion to Scotland’s economy.

Focusing on social tourism, more than 250 struggling families were given a vital break from their day to day hardships in 2016 thanks to the generosity of Scotland’s tourism industry this year.

The short breaks and daytrips were provided by accommodation, transport and activity providers after VisitScotland put out an appeal in February as part of a drive to illustrate the true Spirit of Scotland or #ScotSpirit through the warmth and generosity of the people.

With one in three people in Scotland unable to take a holiday due to cost, ill-health or caring responsibilities, the initiatives are raising the importance of social tourism.

The legacy from this work includes a roundtable event early in 2017 which VisitScotland will host to discuss successes, lessons learned and the future of social tourism in Scotland.

Adding value through influence

VisitScotland’s contribution to Scotland’s economy comes not only through our paid for activities but also by influencing our partners’ and stakeholders’ activity. VisitScotland provides leadership by articulating and communicating sector needs, opportunities and solutions to partners and stakeholders. Themed Years are a good example of this.

The future

Going forward, the successful themed years will continue. Following on from this year’s popular Year of Innovation Architecture and Design, the Year of History, Heritage and Archaeology in 2017 and then the Year of Young People in 2018 will assist the tourism industry to continue to unite around strong promotional opportunities.

Through the work of our EventScotland team, within our Events Directorate, there are also more high-profile events secured for the coming years: the World Badminton Championships in 2017; the 2018 European Sports Championships, which Glasgow will host jointly with Berlin; World Junior Curling Championships 2018; World Wheelchair Curling Championships 2019; the Solheim Cup in 2019; and Euro 2020 matches.

The international interest in Scotland as a leading visitor destination remains high. VisitScotland’s route development and marketing activity has supported 22 airlines and helped secure seven new routes, three of which have generated £23 million of Net Economic Impact and 407 full-time equivalent jobs, with further airlines set to announce new routes into Scotland in 2017.
VISITScotLAND HIGHLIGHTS
FEB – NOV 2016

February 2016 saw the launch of the Spirit of Scotland, VisitScotland’s first ever global brand campaign, underpinned by developments in our digital offering, customer experience, and partnerships. The first nine months have delivered the highest levels of visitor engagement and referrals to industry, and we’re on track to deliver significant economic impact to the Scottish economy. Our economic impact study shows that VisitScotland campaign activity in 2015/16 generated £72m net direct economic impact.

<table>
<thead>
<tr>
<th>CAMPAIGNS</th>
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<tbody>
<tr>
<td>2 CAMPAIGN PARTNERS AT HOME</td>
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<tr>
<td>65M VIDEO VIEWS</td>
</tr>
<tr>
<td>150K VIDEO LIKES ON FACEBOOK</td>
</tr>
<tr>
<td>232K SHARES OF #SCOTSPIRIT</td>
</tr>
</tbody>
</table>

The Spirit of Scotland was designed to capture all the qualities that make Scotland a special destination, not least of which is the warmth of our welcome and the generosity of spirit offered by our very best asset, our people. To date, over 65m people have viewed our broadcast films and mini-documentaries, and the referrals generated from visitscotland.com has a potential worth of over £500m to industry businesses. Our campaign partners have helped us extend our reach and reputation, highlights include NBC and Alan Cumming’s ‘1st Look’ programmes.

#ScotSpirit has had over 1k uses a day; helping us deliver a significant increase in our social following. More important than our following is the engagement rates achieved on social channels vs. our competition (no.1 on FB, no.2 on Instagram). We also monitor the impact our campaign has on targeted communities on Facebook, see their own case study here. Encouragingly, we have seen the campaign drive higher levels of recall and purchase intent in a relatively short period of time.

<table>
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<th>SOCIAL BRAND</th>
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45-54yr olds exposed to the Spirit of Scotland videos were 48% more likely to consider Scotland for their next holiday.

As our database of potential visitors continues to grow we have seen improving performance across our communications channels. To ensure that we maintain loyalty and regular engagement, VisitScotland is creating increasing amounts of content. Since April this year we have delivered 31 email campaigns (3m emails read) and 10 new thematic ebooks, with our daily organic reach on Facebook averaging over 500k potential visitors alone (click for examples of our Harris and Dark Skies posts).

<table>
<thead>
<tr>
<th>VISITOR COMMUNICATIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.7M DB OPT-INS</td>
</tr>
<tr>
<td>18% OPEN RATE EMAILS</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ALL MARKETS</th>
</tr>
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<tr>
<td>49%</td>
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<table>
<thead>
<tr>
<th>ENEWS SIGN-UPS</th>
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<tbody>
<tr>
<td>49%</td>
</tr>
</tbody>
</table>
Our relaunched responsive website is delivering more qualified search engine traffic than ever before. Data shows we’re engaging our audience more effectively with a much higher conversion rate. Industry referrals are up 15% on last year, and the cost of acquiring these referrals is down 43% in the UK and 59% in the US.

| NEW WEBSITE |

The redesign and upgrade of visitscotland.com has enabled online personalisation (content, offers, communications) for potential visitors. Hand in hand with this, the new Trip Planner allows for the creation of bespoke itineraries based on personal interests, increasing conversion rates, and the VisitScotland Community has thrived in its first four months, with over half a million page views, and close to 2.5k active users.

| PRODUCT |

VisitScotland’s route development and marketing activity has supported 22 airlines and helped secure seven new target routes (three of which have already generated £25m of NEI and 407 FTE jobs) in the last year. Our trade Expo in Aberdeen this year saw 566 buyers come to visit 288 exhibitors. In addition, we created 40 B2B platforms to support the internationalisation of Scottish businesses that we estimate will generate £15.7m of Scottish product sales globally.

| ROUTE & TRADE DEVELOPMENT |

VisitScotland Expo B2B Programme = £15.7m Scotland Sales

| PUBLIC RELATIONS |

Features, takeovers and editorial have enabled us to reach potential visitors in six key markets through publications and broadcasters such as National Geographic, France 2, Bild and Condé Nast Traveler. Beyond more traditional PR we have generated our own stories by working with YouTubers to create a short BBC Three travel programme (debuted #1 for non-fiction on UK iTunes), recruiting Scotland’s first ever Ambassadog, launching the NC500 (generating over 50 items of global coverage), and our St Andrew’s Day activity.
Scotland’s draft budget 2017-18 Culture

This paper was written for the Culture, Tourism, Europe and External Relations Committee, ahead of its meeting, to examine the Scottish Government’s Draft budget for 2017-18, on 22 December 2016.

Scottish Government’s programme for 2016/17

In A plan for Scotland: the Government’s programme for Scotland 2016 -17, the Scottish Government stated plan for culture is to:

- commence work on a National Culture Strategy which will be based on the principles of access, equality and excellence. Engagement with partners has started in the last month and the Strategy will be developed collaboratively over the coming year. It will build on the existing strengths of the cultural and creative sector to:
  - improve meaningful access to culture and the arts for all of Scotland’s people so that more people enjoy more forms of culture more regularly than at present
  - enhance the vital role of arts and culture in empowering communities, organisations and individuals helping to tackle discrimination and promote equality
  - help artists and cultural organisations across the country to maintain and further improve the quality of their work
  - encourage sustainable and inclusive growth

We will maintain free access to National Galleries and Museums so that enjoying the nation’s treasures does not depend on personal wealth. We will continue to deliver the International Touring Fund and we will work to enhance the Edinburgh Festival Expo Fund ahead of the International Festival’s 70th anniversary.

We will invest £450,000 in the Public Library Improvement Fund to support innovative ways for people to use public libraries. A pilot area will be selected by the Scottish Library and Information Council in the next year to try out a new single library card that is a passport to great reading.

We will ensure young people have greater access to cultural opportunities – for example by refreshing the Youth Music Initiative and supporting Sistema Scotland’s orchestra projects in places such as Govanhill, Raploch and Torry. During the next
year we will begin preparatory work with partners for establishing a Youth Experience Fund, so that all primary schools have the opportunity to visit Scotland’s theatres, museums, galleries and historic estates.

We will continue to support our cultural infrastructure – for example in the coming year we will invest to deliver improved public facilities, including further new investment at the Scottish National Gallery, and enhanced digital access to collection. We will also continue with our investment in the V&A Museum of Design in Dundee, the National Library of Scotland Causewayside refurbishment in Edinburgh and a further contribution to Kelvin Hall in Glasgow. Working with Historic Environment Scotland and partners, we will begin work on developing a long-term Infrastructure Investment Plan for restoring, enhancing and conserving our built heritage to support our tourism industry and to continue to provide a world class experience for visitors.

To better support our flourishing creative industries, we will establish a Creative Industries Advisory Board by the end of this year to advise Ministers and act as a strategic forum.

**Draft Budget 2016-17**

As stated in the [Scottish Budget: Draft Budget 2017-18](#) the Culture, Tourism and External Affairs portfolio seeks to promote Scotland’s interests at home and abroad through European and International affairs. It contributes to delivering Scotland’s economic ambition by investing in Scotland’s unique heritage and culture, and its capacity for inspiring creativity and developing a compelling tourism offer.

It protects and provides access to Scotland’s historic environment, promotes the delivery of high-quality places and buildings to support Scotland’s communities and delivers major international events to attract visitors and build trade links.

Our ambition is for the portfolio to support and raise the profile of Scotland at home and abroad and attract increasing numbers of visitors. Our work is predicated on the belief that culture sits at the heart of our quality of life and well-being, empowering, enriching and shaping our communities.

The portfolio helps to ensure our diverse and evolving cultural heritage thrives and is celebrated and that our historic environment and our world-class collections are cared for and enjoyed by new and diverse audiences and future generations right across Scotland.

The draft budget supplies Level 2 figures for the entire Culture, Tourism and External Affairs portfolio in the following Table 12.01 and 12.02:
The specific priorities for Culture, set out in the draft budget, are:

We will continue to strengthen our culture and heritage infrastructure through new investment in public-facing capital projects such as the Kelvin Hall refurbishment and the Scottish National Gallery expansion so that engagement in culture is increased.

The Scottish Government is a strong supporter of the National Museums and Galleries and Library, recognising their valuable contribution to the preservation of Scotland’s cultural heritage. These National Collections are making an important contribution to Government priorities, particularly in terms of economic contribution and widening access and participation. Across Scotland our 460 museums and galleries attract around 25 million visits per annum, generating over £79 million for our economy and sustaining over 3,500 tourism-related jobs.
We will continue to support the growth of our screen sector and our creative industries. The Scottish Government is committed to delivering an improved service to the screen sector, working with a range of bodies to create and sustain the conditions for investment and growth. To enhance support for the sector, a dedicated screen unit will be set up within Creative Scotland in the next year.

Scotland values its creative talent and provides opportunities for that talent to develop and thrive. Our continued investment in the arts and culture through Creative Scotland and the five National Performing Companies will help ensure that Scotland’s unique culture reaches a wide audience at home and abroad.

The Scottish Government is committed to delivering arts for all, and to giving every young person in Scotland the opportunity to access and engage with the arts, helping them to reach their full potential. The Youth Arts have an intrinsic merit, but they also boost the skills of those who participate, helping to tackle inequalities and make Scotland a stronger, fairer and more inclusive society. We are working with a range of partners to create opportunities to get young people involved in art and culture including under the umbrella of Scotland’s Youth Arts strategy, ‘Time To Shine’, and supported by initiatives such as Sistema Scotland.

Public libraries play an important role in tackling inequalities and raising attainment. They bring real social benefits to people and communities. They offer crucial support to help people help themselves – to support literacy, digital participation, learning, employability, health, culture and leisure – to improve the quality of people’s lives and support them to engage in the democratic process. We will therefore continue to invest £450,000 in the Public Library Improvement Fund.

These measures all help ensure that no-one’s background is a barrier to taking part in cultural life and giving young people all over Scotland a chance to take part in culture and the arts.

The historic environment is a vital part of our heritage, our national and local stories and our communities. It is also hugely important to the national economy, supporting over 60,000 jobs and contributing £2.3 billion to the national gross value added (GVA). It is the destination for a fifth of all school visits in the country. Its continuing care and regeneration creates local employment, supports local businesses and secures the future of precious indigenous craft skills. It enriches the quality of our lives and helps to define who we are.

As the lead public body for Scotland’s historic environment, Historic Environment Scotland (HES) will ensure Scotland’s historic environment makes a strong contribution to the cultural, social, environmental and economic wellbeing of the nation and its people. It requires careful management which is why Historic Environment Scotland is working to develop a national Infrastructure Investment Plan for Scotland’s built heritage.

The National Records of Scotland’s (NRS) priorities for 2017-18 will have a strong focus on developing its Digital Services. NRS will deliver the first element of its new Digital Preservation Service, ensuring information of historical importance produced in digital format can be preserved for posterity, and it will also provide improved and expanded access to its rich set of records through a new ScotlandsPeople web service.
NRS will also continue work towards delivering the next Census in 2021. The programme will move to a build and test phase in 2017-18 with a variety of formal procurement processes expected to be commenced.

The associated Level 3 figures for Culture are provided in the table below, they were taken from for the Culture Tourism and Major Events budget, as set out in Table 12.04: More detailed sending plans of the Scottish Government’s 2017-18 draft budget:

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2016-17 Draft Budget £m</th>
<th>2016-17 Budget £m</th>
<th>2017-18 Draft Budget £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creative Scotland and Other Arts</td>
<td>52.6</td>
<td>45.7</td>
<td>52.1</td>
</tr>
<tr>
<td>Cultural Collections</td>
<td>78.6</td>
<td>80.6</td>
<td>77.0</td>
</tr>
</tbody>
</table>

Creative Scotland and other arts Level 4 figures

The Scottish Government supplied Level 4 Figures for Culture, Tourism and Major Events budget line.

<table>
<thead>
<tr>
<th>Creative Scotland and Other Arts</th>
<th>2016-17 Draft Budget £m</th>
<th>2017-18 Draft Budget £m</th>
<th>% Change 2017-18 on 2016-17</th>
<th>What it buys</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creative Scotland (CS)</td>
<td>32.212</td>
<td>32.112</td>
<td>-0.31</td>
<td>Core funding for Creative Scotland which covers its operational costs and various grants schemes</td>
</tr>
<tr>
<td>Cultural Project Financial</td>
<td>5.000</td>
<td>5.000</td>
<td>0.00</td>
<td>Provision of loans within the culture sector.</td>
</tr>
<tr>
<td>Transactions (FTs)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CS Depreciation</td>
<td>0.325</td>
<td>0.220</td>
<td>-32.31</td>
<td>Non-cash budget to cover loss in value of fixed assets over the accounting period.</td>
</tr>
<tr>
<td>Other Arts</td>
<td>15.110</td>
<td>14.786</td>
<td>-2.14</td>
<td>Provides ring fenced funding for Creative Scotland including Youth Music Initiative, Expo, Festivals and Arts and Business. Also provides for revenue funding for V&amp;A Dundee project, WW1 commemorations and other smaller cultural opportunities and priorities.</td>
</tr>
<tr>
<td>Total Level 3</td>
<td>52.647</td>
<td>52.118</td>
<td>-1.00</td>
<td></td>
</tr>
</tbody>
</table>
The core funding for Creative Scotland has had a cash reduction of £100,000 (0.31%), which is £500,000 in real terms.

There is a reduction in discretionary budget for Other Arts of 2.14% (£324,000 in cash terms and £500,000 in real terms). This budget line includes the ring fenced funding (managed by CS), e.g. Youth Music Initiative, Expo Fund, Festivals and Arts & Business, and other things, such as revenue funding for V&A Dundee project and funding for World War 1 commemorations.

Performing companies Level 3 figures

The Level 3 figures for the National Performing Companies in the table below, is taken from Table 12.04: More detailed sending plans of the Scottish Government’s 2017-18 draft budget and from additional level 4 information provided by the Scottish Government.

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2016-17 Draft Budget £m</th>
<th>2016-17 Budget £m</th>
<th>2017-18 Draft Budget £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Performing Companies</td>
<td>22.862</td>
<td>27.9</td>
<td>22.862</td>
</tr>
</tbody>
</table>

The 2016-17 Autumn Budget Revision to the Budget (Scotland) Act for the year ending 31 March 2017 indicates that the £5m assigned to the budget for the Companies during 2016-17 was for capital.

The additional information from the Scottish Government, on the Draft Budget, indicates that the Performing Companies budget line provides for the general operational costs of the National Performing Companies and £350k for the International Touring Fund.

The real terms decrease in this budget line is £0.4m.

The Level 3 figure has remained the same, and as the Cabinet Secretary’s letter to the Convener (16 December 2016) indicates the division of the budget between the companies has remained the same.

This table was provided by the Cabinet Secretary in the letter to the Convener:

<table>
<thead>
<tr>
<th></th>
<th>2017-18 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Theatre of Scotland (NTS)</td>
<td>4.174</td>
</tr>
<tr>
<td>Royal Scottish National Orchestra (RSNO)</td>
<td>3.961</td>
</tr>
<tr>
<td>Scottish Ballet (SB)</td>
<td>4.369</td>
</tr>
<tr>
<td>Scottish Chamber Orchestra (SCO)</td>
<td>1.992</td>
</tr>
<tr>
<td>Scottish Opera (SO)</td>
<td>8.00</td>
</tr>
<tr>
<td>Total</td>
<td>22.496</td>
</tr>
</tbody>
</table>
## Cultural collections Level 4 figures

<table>
<thead>
<tr>
<th>Cultural Collections</th>
<th>2016-17 Draft Budget £m</th>
<th>2017-18 Draft Budget £m</th>
<th>% Change 2017-18 on 2016-17</th>
<th>What it buys</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>National Museums of Scotland (NMS)</strong></td>
<td>20.317</td>
<td>20.317</td>
<td>0.00%</td>
<td>Provides for the general operational costs of the NMS.</td>
</tr>
<tr>
<td>NMS Capital</td>
<td>1.350</td>
<td>1.450</td>
<td>7.41%</td>
<td>Capital projects for redevelopment, repairs, maintenance and IT upgrade. Funding for acquisition of objects by NMS and for the National Fund for Acquisitions for non-national museums.</td>
</tr>
<tr>
<td>NMS Depreciation</td>
<td>3.340</td>
<td>3.661</td>
<td>9.61%</td>
<td>Non-cash budget to cover loss in value of fixed assets over the accounting period.</td>
</tr>
<tr>
<td><strong>National Galleries of Scotland (NGS)</strong></td>
<td>12.895</td>
<td>12.895</td>
<td>0.00%</td>
<td>Provides for the general operational costs of the NGS.</td>
</tr>
<tr>
<td>NGS Capital</td>
<td>2.450</td>
<td>4.450</td>
<td>81.63%</td>
<td>Capital projects for redevelopment, repairs, maintenance and IT upgrade. Capital funding for acquisition of objects to enhance the collections.</td>
</tr>
<tr>
<td>NGS Depreciation</td>
<td>2.025</td>
<td>2.500</td>
<td>23.46%</td>
<td>Non-cash budget to cover loss in value of fixed assets over the accounting period.</td>
</tr>
<tr>
<td><strong>National Library of Scotland (NLS)</strong></td>
<td>13.180</td>
<td>13.180</td>
<td>0.00%</td>
<td>Provides for the general operational costs of the NLS.</td>
</tr>
<tr>
<td>NLS Capital</td>
<td>7.000</td>
<td>5.300</td>
<td>-24.29%</td>
<td>Capital projects for redevelopment, repairs, maintenance and IT upgrade. Capital funding for acquisition of new material to enhance the collections.</td>
</tr>
<tr>
<td>NLS Depreciation</td>
<td>2.600</td>
<td>3.050</td>
<td>17.31%</td>
<td>Non-cash budget to cover loss in value of fixed assets over the accounting period.</td>
</tr>
<tr>
<td><strong>Non National Museums</strong></td>
<td>3.200</td>
<td>3.255</td>
<td>1.72%</td>
<td>Provides funding for museums and galleries across Scotland via Museums Galleries Scotland, and direct funding for the Scottish Maritime (£405k), Mining (£410k) and Fisheries (£75k) Museums and £15k for the Industrial Museums Coordinator.</td>
</tr>
</tbody>
</table>
Non National Libraries | 0.655 | 0.655 | 0.00% | Provides funding for non-national library improvement across Scotland via the Scottish Library and Information Council (SLIC), including the Programme for Government commitment to provide £450k for Public Library Improvement Fund.

Other Cultural Capital | 9.615 | 6.300 | -34.48% | Capital funding for previously announced projects including V&A Dundee and Kelvin Hall phase 2.

Total Level 3 | 78.627 | 77.013 | -2.05%

Although the Cultural Collections have maintained their core funding budget in cash terms in real terms they will experience cuts:

- National Museums of Scotland cut in real terms of £300,000
- National Galleries of Scotland cut in real terms of £200,000
- National Library of Scotland cut in real terms of £200,000.

### National Records of Scotland Level 4 figures

<table>
<thead>
<tr>
<th>National Records of Scotland</th>
<th>2016-17 Draft Budget £m</th>
<th>2017-18 Draft Budget £m</th>
<th>% Change 2017-18 on 2016-17</th>
<th>What it buys</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Running Costs</td>
<td>29.045</td>
<td>35.300</td>
<td>21.54%</td>
<td>Budget for staff costs, goods and services and grants provided.</td>
</tr>
<tr>
<td>Depreciation Capital Charge</td>
<td>2.225</td>
<td>4.540</td>
<td>104.04%</td>
<td>Non-cash budget to cover loss in value of fixed assets over the accounting period.</td>
</tr>
<tr>
<td>Total Level 3</td>
<td>31.270</td>
<td>39.840</td>
<td>27.41%</td>
<td></td>
</tr>
<tr>
<td>Capital Expenditure</td>
<td>2.885</td>
<td>3.300</td>
<td>14.38%</td>
<td>Capital projects for redevelopment, repairs, maintenance, IT upgrade, census and digital preservation of records.</td>
</tr>
<tr>
<td>Less Retained Income</td>
<td>-5.800</td>
<td>-5.800</td>
<td>0.00%</td>
<td>Revenue raised through fees and charges, contract and rental income.</td>
</tr>
<tr>
<td>Total National Records of Scotland</td>
<td>28.355</td>
<td>37.340</td>
<td>31.69%</td>
<td></td>
</tr>
</tbody>
</table>
The National Records has a cash term increase to its running costs of £5.85m.

### Historic Environment Scotland Level 4 figures

<table>
<thead>
<tr>
<th>Historic Environment Scotland (HES)</th>
<th>2016-17 Draft Budget £m</th>
<th>2017-18 Draft Budget £m</th>
<th>% Change 2017-18 on 2016-17</th>
<th>What it buys</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HES-Running Costs</strong></td>
<td>78.289</td>
<td>81.500</td>
<td>4.10%</td>
<td>Staff and operating costs including conservation of estate to protect and promote Scotland's historic environment. HES is the largest operator of paid visitor attractions in Scotland as well as the lead body for enabling and delivering Scotland's Historic Environment Strategy, Our Place in Time and providing advice on the management of Scotland's wider historic environment. Building, Archaeology and Voluntary Sector grants to third parties plus goods and services not included in administration and operating costs</td>
</tr>
<tr>
<td>HES Depreciation and Impairment</td>
<td>3.285</td>
<td>3.300</td>
<td>0.46%</td>
<td>Non-cash budget to cover loss in value of fixed assets over the accounting period.</td>
</tr>
<tr>
<td><strong>Total Level 3</strong></td>
<td>81.574</td>
<td>84.800</td>
<td>3.95%</td>
<td></td>
</tr>
<tr>
<td>HES Direct Capital</td>
<td>3.400</td>
<td>5.600</td>
<td>64.71%</td>
<td>Investment towards restoring, enhancing and conserving our HES Properties in Care and associated visitor facing facilities across Scotland. Capital funding for corporate infrastructure.</td>
</tr>
<tr>
<td><strong>Total Historic Environment Scotland</strong></td>
<td>45.014</td>
<td>45.500</td>
<td>1.08%</td>
<td></td>
</tr>
</tbody>
</table>

While Historic Environment Scotland sees increase in its running costs budget in cash terms of £3.211m, in real terms the increase is £2m.
HES is the largest operator of paid visitor attractions in Scotland and its running cost expenditure from the Scottish Government is supported by income derived from these attractions, which is forecast to increase.

The increase in Direct Capital is to support increased investment in Properties in Care and HES’ corporate infrastructure. In real terms the increase is £2.1m.

**MG Alba Funding**

The funding for Gaelic broadcasting is made through the Gaelic Budget which sits in the Education and Skills portfolio:

<table>
<thead>
<tr>
<th>Gaelic Broadcasting</th>
<th>2016-17 Draft Budget £m</th>
<th>2017-18 Draft Budget £m</th>
<th>% Change 2017-18 on 2016-17</th>
<th>What it buys</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gaelic Broadcasting</td>
<td>11.800</td>
<td>11.800</td>
<td>0.0%</td>
<td>This budget goes to the company MG ALBA which is in partnership with the BBC to deliver the Gaelic television channel, BBC ALBA. The funding also covers radio, on-line and training initiatives.</td>
</tr>
</tbody>
</table>

The funding for Gaelic broadcasting in real terms equates to a decrease of £0.2m.
Scottish Government cultural funding

The Scottish Government directly funds a number of organisations related to culture:

- Creative Scotland
- five National Performing Companies
- four National Collections (including National Records of Scotland)
- Historic Environment Scotland
- MG Alba (Gaelic broadcasting)

Scottish Government also provides funds to:

- V&A Museum of Design, Dundee
- SLIC (Scottish Library and Information Council)
- Museums, Galleries Scotland.

The Government has also made additional monies available to cultural projects, including:

- Sistema Scotland (see below)
- Youth Music Initiative (£10 million announced in 2016)
- Arts & Business Scotland, via Creative Scotland, the Scottish Government has made funding available to Arts & Business Scotland to encourage new business sponsorship of the arts within Scotland
- Scottish Youth Theatre, the National Youth Choir of Scotland, National Youth Orchestra of Scotland and Ydance (£1 million over three years was announced in 2014, £750,000 from the Scottish Government, and £250,000 from private-sector investor, Clyde Blowers.)

Draft Budget 2016-17

The figures below were provided by the Scottish Government in its 2016-17 draft budget, published in December 2015 (funding for Gaelic broadcasting came through the Education portfolio):

Figure 1: Scottish Government Funding for Culture – Key areas (2016-17 budget £m)

Source: Scottish Government 2016-17 draft budget, Level 4 spreadsheets
Local government funding

Local government is also a significant source of spending on various cultural activities.

**Figure 2: Planned spending by local government on culture (2016-17 spending plans, £m)**

<table>
<thead>
<tr>
<th>Category</th>
<th>Spending (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Museums and Galleries</td>
<td>41</td>
</tr>
<tr>
<td>Other cultural and heritage</td>
<td>53</td>
</tr>
<tr>
<td>Promotional events</td>
<td>10</td>
</tr>
<tr>
<td>Other tourism</td>
<td>11</td>
</tr>
<tr>
<td>Library Service</td>
<td>99</td>
</tr>
</tbody>
</table>

Source: Scottish Local Government Finance [Provisional Outturn & Budget Estimate (POBE) Statistics](https://www.gov.scot/Topics/Finance/POBE/)

Overall, spending by local government on culture has fallen since 2013/14, as further detailed in Figure 3 below:

**Figure 3: How local government funding for culture is changing (2013/14 to 2016/17 change in £m)**

- -1 Museums and Galleries
- Other cultural and heritage | 6
- Promotional events | 1
- -3 Other tourism
- -13 Library Service

Source: Scottish Local Government Finance [Provisional Outturn & Budget Estimate (POBE) Statistics](https://www.gov.scot/Topics/Finance/POBE/)

**National performing companies**

From [April 2007](https://www.gov.scot/Topics/Finance/POBE/), the National Theatre of Scotland (NTS), the Royal National Scottish Orchestra (RSNO), Scottish Ballet (SB), the Scottish Chamber Orchestra (SCO) and Scottish Opera (SO) adopted the status of National Performing Companies, and moved to direct funding from the Scottish Government.
Scottish Government core funding

The following table shows the funding allocation from the Scottish Government, for each Company, since the National Performing Companies were formed in 2007. The data in Table 1 is collated from the activity reports produced by the Scottish Government. The report for 2015-16 is yet to be published. The reports do not indicate whether these are cash or real term figures:

Table 1: Funding allocation from the Scottish Government to the National Performing Companies

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NTS</td>
<td>4.10</td>
<td>4.38</td>
<td>4.49</td>
<td>4.55</td>
<td>4.37</td>
<td>4.37</td>
<td>4.31</td>
<td>4.25</td>
</tr>
<tr>
<td>RSNO</td>
<td>3.77</td>
<td>4.19</td>
<td>4.27</td>
<td>4.32</td>
<td>4.14</td>
<td>4.14</td>
<td>4.09</td>
<td>4.03</td>
</tr>
<tr>
<td>SB</td>
<td>4.53</td>
<td>4.62</td>
<td>4.71</td>
<td>4.76</td>
<td>4.57</td>
<td>4.57</td>
<td>5.51</td>
<td>4.38</td>
</tr>
<tr>
<td>SCO</td>
<td>2.05</td>
<td>2.10</td>
<td>2.15</td>
<td>2.17</td>
<td>2.08</td>
<td>2.08</td>
<td>2.06</td>
<td>2.05</td>
</tr>
<tr>
<td>SO</td>
<td>8.30</td>
<td>8.46</td>
<td>8.63</td>
<td>8.71</td>
<td>8.37</td>
<td>8.37</td>
<td>8.26</td>
<td>8.15</td>
</tr>
<tr>
<td>Total</td>
<td>22.75</td>
<td>23.75</td>
<td>24.25</td>
<td>24.50</td>
<td>23.53</td>
<td>23.53</td>
<td>23.24</td>
<td>23.14</td>
</tr>
</tbody>
</table>

The common trend in funding to the Companies appears to be four years of increase, one year of reduction, one year of freeze, then two years of reduction.

Each of the Companies is eligible to apply to the Scottish Government’s dedicated International Touring Fund (ITF) of £350,000. The Fund is used to support the Companies’ performing activities abroad, with priority given for tours to areas of significance to the Scottish Government.

Table 2 is reproduced from the Level 4 figures for the Scottish Government’s draft budget for 2016-17:

Table 2: National Performing Companies Level 4 Figures for Scottish Government’s draft budget for 2016-17

<table>
<thead>
<tr>
<th></th>
<th>2015-16 Draft Budget £m</th>
<th>2016-17 Draft Budget £m</th>
<th>% change</th>
<th>What it buys</th>
<th>Explanation of significant changes from previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Performing Companies</td>
<td>23.56</td>
<td>22.86</td>
<td>-3.0%</td>
<td>Provides for the general operational costs of the National Performing Companies and £350k for the International Touring Fund.</td>
<td>3% reduction is manageable within the Performing Companies' overall resources but may have some impact on number of performances and education and outreach work</td>
</tr>
</tbody>
</table>
International Touring Fund

Each of the Companies is eligible to apply to the Scottish Government’s dedicated International Touring Fund (ITF) of £350,000. The Fund is used to support the Companies’ performing activities abroad, with priority given for tours to areas of significance to the Scottish Government.

Table 3 shows the allocation from the Fund and was compiled from data in activity reports:

Table 3 Allocation to the Performing Companies from the Scottish Government’s International Touring Fund

<table>
<thead>
<tr>
<th></th>
<th>£</th>
</tr>
</thead>
<tbody>
<tr>
<td>NTS</td>
<td>195,000</td>
</tr>
<tr>
<td>RSNO</td>
<td>59,000</td>
</tr>
<tr>
<td>SB</td>
<td>0</td>
</tr>
<tr>
<td>SCO</td>
<td>96,000</td>
</tr>
<tr>
<td>SO</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>350,000</td>
</tr>
</tbody>
</table>

The National Performance Framework

The Scottish Government’s National Performance Framework (NPF) provides a vision for Scotland with broad measures of national wellbeing covering a range of economic, health, social and environmental indicators and targets. The specific cultural indicators in the framework are:

- **Increase cultural engagement.** This is measured against the percentage of adults who have either participated in a cultural activity or who have attended or visited a cultural event or place in the last 12 months.

- **Improve the state of Scotland’s historic sites.** This is measured using the percentage of A-listed buildings on the Buildings at Risk Register (BARR)

Scottish Household Survey

The Scottish Household Survey (SHS) is a continuous cross-sectional survey with each complete sample being covered in the course of two years. It is funded by the Scottish Government and provides up-to-date information about the behaviour of Scottish households and individuals, including measures of participation in cultural activities. SHS results are published, mainly through the annual report which is produced in August of each year.

In its Scotland's People Annual Report: Results from 2015 Scottish Household Survey, published in September 2016, the SHS reported on attendance and participation in cultural events and activities. Overall, the SHS found that around nine in ten (92%) of adults engaged in culture in 2015, either by attending or visiting a cultural event or place or participating in a cultural activity.
Cultural attendance

In 2015, around eight in ten adults had attended a cultural event or place of culture in the last 12 months. When trips to the cinema are excluded, the attendance figure was 75%.

- Attendance when cinema trips are included has increased since 2012 from 78% to 82%
- Trips to the cinema excluded, the attendance figure has increased since 2012 from 70% to 75%
- Attendance at cultural places or events in 2015 was highest for those with degrees or professional qualifications (94%) and lowest for those with no qualifications (58%).
- Those living in the 20% least deprived areas of Scotland were more likely to attend cultural events or places than those living in the most deprived areas (91% compared to 72%). In all quintiles, attendance increased by between 2 and 6% between 2012 and 2015.
- Cultural attendance was lower for those with a long-term physical or mental health condition, especially if the condition caused a major reduction in daily capacity (54%, compared with 88% for those with no such condition).

Cultural participation

- The most popular form of cultural participation was reading for pleasure.
- Those with a degree or professional qualification were more likely to participate than adults with no qualifications (93% compared to 60%). The gap between these two groups increases when reading is excluded.
- There was a 20% point difference in cultural participation between those living in the 20% most deprived and the 20% least deprived areas (68% compared with 88%). This is consistent with the differences observed for cultural attendance.
- Cultural participation was lower for those with a long-term physical or mental health condition, especially if this caused major reduced daily capacity (67%, compared with 81% for those with no such condition).

**Scottish Library and Information Council (SLIC)**

SLIC is the independent advisory body to the Scottish Government on library and information services.

SLIC receives core funding from the Scottish Government, the draft budgets do not indicate how much this is, but according to SLIC’s written evidence to the Culture, Tourism, Europe and External Relations Committee in 2016-17 it received £205,000 core funding.

In addition, the Scottish Government provided SLIC with £450,000 for the Public Library Improvement Fund, as shown in Table 4, however, this was £50,000 less that it had received for the Fund in 2015-16.
Table 4 Level 4 Figures for Scottish Government’s draft budget for 2016-17

<table>
<thead>
<tr>
<th></th>
<th>2015-16 Draft Budget £m</th>
<th>2016-17 Draft Budget £m</th>
<th>% change</th>
<th>What it buys</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non National Libraries</td>
<td>0.705</td>
<td>0.655</td>
<td>-7.1%</td>
<td>Provides funding for non-national library improvement across Scotland via SLIC</td>
</tr>
</tbody>
</table>


The strategy sets out a vision for Scottish public libraries with 6 aims:

![Vision Statement](image)

**Creative Scotland ring-fenced funding**

**Big Noise/Sistema Scotland**

In March 2016, the Scottish Government announced £2.5m to “transform children’s lives”. The four-year funding package is intended to enable the youth orchestra programme to sustain and build on its work to enhance the health, wellbeing and prospects of young people in parts of Stirling, Glasgow and Aberdeen.

There was a review of Big Noise Raploch and Big Noise Govanhill: [Sistema Scotland evaluation research findings](#) published in May 2015.

The report highlighted the issue of preventative spend:

Sistema Scotland encounters much of the same resistance to achieving an increase in preventative spend as is seen in other areas of service delivery. A key barrier here is the long-term nature of the impacts and outcomes most likely to convince...
funders of the value of investment in preventative approaches. There is also the issue of preventative approaches being in direct competition for the resources required to sustain ‘normal’ vital services, and the need to make cuts in these (or at least manage growth in demand) to enable preventative approaches to take place.

The latest Sistema Scotland project is Big Noise Torry. This is delivered in partnership between Aberdeen City Council and Sistema Scotland.

Aberdeen City Council has committed to providing 75% of the funding for Big Noise Torry. This equates to:

- 2014/15 set-up £112,500
- 2015/16 year one £300,000
- 2016/17 year two £375,000
- 2017/18 year three £468,750
- 2018/19 year four £498,750
- 2019/20 year five £502,500

Youth Music Initiative Funding

Creative Scotland administers the Scottish Government’s Youth Music Initiative (YMI) programme which in its 2016-17 annual plan aimed to:

- create access to high-quality music-making opportunities for young people aged 0-25 years, particularly for those that would not normally have the chance to participate
- enable young people to achieve their potential in or through music making
- support the development of the youth music sector for the benefit of young people.

The YMI is a targeted fund for Scotland’s 32 Local Authorities and Jordanhill School. Activity supported through this route commenced at the beginning of the academic year in August 2016.

The annual plan set out the following budget:
Organisations/individuals could apply for funding of £1,000 to £20,000. Targeted funding applications were invited by Creative Scotland for up to £100k for an activity which strategically addressed the aims of the programme. In addition, CS provided funding to the Scottish Music Centre to deliver a Training and CPD Fund providing small grants for individuals and organisations.

Time to Shine

Published in November 2013, Time to shine, Scotland’s first national youth arts strategy, for ages 0–25, was formally launched by Fiona Hyslop, Cabinet Secretary for Culture and External Affairs and Janet Archer, Chief Executive of Creative Scotland, on 18 February 2014.

Scottish Government allocated £5m from its Young Scots Fund to Creative Scotland in order to deliver the youth arts strategy. The first area of expenditure was the regional youth arts hubs announced on 7 April 2014.

The Creative Scotland led strategy covers ten years and Creative Scotland will review its progress and direction every two years. It is based around three themes:

- Participation, with the aim of addressing inequalities and developing mechanisms which allow access for all. It aims to tackle disadvantage caused by gender, race, ability, experience, geography or any other factor which may inhibit participation
- Progression, with the aim of creating and developing mechanisms to nurture and celebrate ambition, enthusiasm and talent
- Provision, with the aim of creating and developing infrastructure for the children and young people’s arts sector and ensuring continuous quality improvement.

The strategy was the subject of a Scottish Government led debate in the Chamber on 14 May 2014.

In March 2016, Fiona Hyslop made a speech on Youth Arts in which she said that a evaluation of Time to Shine would be published later in the year.
Draft Budget 2017-18: Tourism and Major Events

This paper was written for the Culture, Tourism, Europe and External Relations Committee, ahead of its meeting, to examine the draft budget for 2017-18, on 22 December 2016.

Scottish Government's Programme for 2106/17

In A plan for Scotland: the Government’s programme for Scotland 2016 -17, the Scottish Government states that:

Tourism is a key sector for Scotland’s economy and we will work with Skills Development Scotland to develop the leadership capacity and skills required to support future growth. Together with the Scottish Tourism Alliance and tourism industry leaders, we will build better tourism businesses through a revised Tourism Scotland 2020 Strategy delivering on the key priorities of leadership, digital, visitor experience and investment.

The plan also states, that for Tourism and major events the Scottish Government will:

continue to work to make all of Scotland a destination of first choice for visitors from around the world. As part of this, working with VisitScotland and other partners, we will develop the further promotion of the south of Scotland as a visitor destination.

Our vision, as set out in the revised National Events Strategy published last year, is for Scotland’s reputation as the perfect stage for events to be recognised nationally and internationally. We are committed to building on the legacy of the Commonwealth Games and Ryder Cup in 2014 and we will continue to work to bring major events to Scotland and to support the development of a flourishing events industry. Major events bring significant economic and cultural benefit to the communities in which they are staged, but can also boost tourism across Scotland as a whole. During the term of this Parliament we will invest:

- up to £63 million on the 2018 European Championships
- up to £19 million on the 2019 Solheim Cup
- up to £3.5 million on the UEFA Euro 2020 Championships
- £1.7 million each year on the Scottish Open and Ladies Scottish Open.
Draft budget 2017-18

The Culture, Tourism and External Affairs portfolio:

seeks to make Scotland a destination of first choice for visitors, providing a perfect stage for world-class events and supporting our tourism industry, including our small and medium-sized enterprises (SMEs), to maximise the contribution of the visitor economy to Scotland’s prosperity.

In the Scottish Budget: Draft Budget 2017-18 the tourism budget has moved from the Finance, Constitution and Economy portfolio to the Culture, Tourism and External Affairs portfolio. The Major Events budget has remained in the Culture, Tourism and External Affairs portfolio but has moved from the External Affairs budget line to the Culture, Tourism and Major Events budget line.

These moves were set out in The 2016-17 Autumn Budget Revision to the Budget (Scotland) Act for the year ending 31 March 2017.

<table>
<thead>
<tr>
<th>Schedule 3.2 Culture, Tourism and Major Events</th>
<th>Details of Proposed Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed Changes</td>
<td></td>
</tr>
<tr>
<td>Original Budget</td>
<td>£192.8</td>
</tr>
<tr>
<td>Proposed changes</td>
<td></td>
</tr>
<tr>
<td>ABR Proposed Budget</td>
<td>£197.5</td>
</tr>
<tr>
<td>Proposed changes</td>
<td></td>
</tr>
<tr>
<td>SBR Proposed Budget</td>
<td>£202.5</td>
</tr>
</tbody>
</table>

Major Events

Through its Major Events budget, the Government will:

support the successful delivery of the new national events strategy in order to develop and grow a flourishing, innovative and competitive events industry. This will enable Scotland to further enhance and sustain an inspirational programme of events each year that generate business, create jobs and boost the economy whilst delivering benefits to all of Scotland’s communities and build on our nation’s strong reputation and international attractiveness.

In 2017-18 the Scottish Government will:

- provide funding for Scotland’s annual Winter Festivals programme and individual events and activities that further develop Scotland’s wide and diverse events portfolio and the events industry
• work with a wide range of partners, to ensure the delivery of the ambitions for the 2018 Year of Young People to celebrate the very best of Scotland and its young people. A programme of cultural and educational events and activities, co-designed with young people themselves, will be held across the country that will celebrate Scotland as a great place for young people to grow up in and mark their important contribution to Scottish society

• in line with the Programme for Government, we will continue to provide support for partners in the planning and delivery towards the 2018 European Championships, the 2019 Solheim Cup and EURO 2020.

The Level 3 figures for Major Events in the following table, are taken from Table 12.04: More detailed spending plans, in the Draft Budget:

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2016-17 Draft Budget £m</th>
<th>2016-17 Budget £m</th>
<th>2017-18 Draft Budget £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major Events</td>
<td>2.4</td>
<td>12.6</td>
<td>30.3</td>
</tr>
</tbody>
</table>

The Major Events budget had increased within 2016-17 by £10.2m, as shown in the table above, this was due to additional funding of:

• £7.9 million for the 2018 European Championships

• £2.4 million for the 2019 Solheim Cup

• £2.4 million for the UEFA Euro 2020 Championships.

The Draft Budget does not explain the extra £17.7 million allocated to the Major Events.

Tourism

The Scottish Government highlight the economic importance of tourism in the draft budget:

In 2015 spending by tourists in Scotland generated around £11 billion of economic activity across Scotland. As a destination, Scotland must ensure that it remains welcoming to visitors from across the globe.

Accommodation and food service activities supporting tourism account for 7.7 per cent of all registered enterprises and 9.7 per cent of employees across Scotland, predominantly in Small and Medium Enterprises. Small towns across Scotland and remote rural areas are especially reliant on tourism for employment. Tourism SMEs will continue to receive public support to develop, grow and provide sustainable employment.
The Tourism budget:

supports the work of VisitScotland as Scotland's national marketing body in taking a collaborative and inclusive approach to promoting Scotland as a world-class visitor destination and in delivering the national tourism and events strategies with the aim of growing tourism's net contribution to the economy.

In 2017-18 the Scottish Government will:

- work with our enterprise agencies and other key tourism stakeholders to promote the South of Scotland as a tourism destination, recognising the particular challenges faced by the region, its communities and its businesses;

The Level 3 figures for Tourism, in the following table, are taken from the Table 12.04: More detailed spending plans in the Draft Budget:

<table>
<thead>
<tr>
<th>Level 3</th>
<th>2016-17 Draft Budget £m</th>
<th>2016-17 Budget £m</th>
<th>2017-18 Draft Budget £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourism</td>
<td>49.1</td>
<td>46.1</td>
<td>43.9</td>
</tr>
</tbody>
</table>

The Draft Budget explains that VisitScotland’s net resource budget for 2017-18 is maintained at exactly the same level as in 2016-17. The figure for 2016-17 includes £5.44 million of Strategic Forum savings that were collected from VisitScotland’s budget in-year. For 2017-18, the Strategic Forum savings have been removed at Budget setting rather than in-year, in previous years.

The Strategic Forum (Highlands and Islands Enterprise, Skills Development Scotland, Scottish Enterprise, the Scottish Funding Council and VisitScotland) are required by the Scottish Government to identify and deliver efficiency projects across the public agencies, seeking innovative ways to ensure that public services are being delivered in the most efficient way.

The Level 4 figures for tourism, provided by the Scottish Government, set out more information on the money provided to VisitScotland:

<table>
<thead>
<tr>
<th>Tourism</th>
<th>2016-17 Draft Budget £m</th>
<th>2017-18 Draft Budget £m</th>
<th>% Change 2017-18 on 2016-17</th>
<th>What it buys</th>
</tr>
</thead>
<tbody>
<tr>
<td>VisitScotland</td>
<td>45.840</td>
<td>40.400</td>
<td>-11.87%</td>
<td>To deliver high profile tourism marketing campaigns overseas and in the UK and a portfolio of national events that maximise tourism's contribution to the economy.</td>
</tr>
<tr>
<td></td>
<td>0.700</td>
<td>0.600</td>
<td>-14.29%</td>
<td>For refurbishments to VisitScotland's estate and investment in VisitScotland's digital strategy and ICT resources.</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>-------</td>
<td>-------</td>
<td>---------</td>
<td>----------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>VisitScotland (Capital)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VisitScotland (Non Cash)</td>
<td>2.200</td>
<td>2.229</td>
<td>1.32%</td>
<td>For depreciation of VisitScotland's assets, including its estate.</td>
</tr>
<tr>
<td>Tourism special projects</td>
<td>0.400</td>
<td>0.644</td>
<td>61.00%</td>
<td>This supports a range of tourism related activities and events plus general tourism policy development.</td>
</tr>
<tr>
<td><strong>Total Level 3</strong></td>
<td><strong>49.140</strong></td>
<td><strong>43.873</strong></td>
<td><strong>-10.72%</strong></td>
<td></td>
</tr>
</tbody>
</table>

The decrease equates to £6m in real terms or £5.44m in cash terms.

There is no explanation for the £100k reduction in the capital budget.

The increase of 61% in the special projects is to support general tourism development.

**Air Passenger Duty**

The draft budget also states that:

> Following the commencement of section 17 of the Scotland Act 2016 on 23 May 2016, the Scottish Parliament now has the power to legislate for a tax which will replace Air Passenger Duty (APD) in Scotland.

> As set out in the Programme for Government 2016-17, we will introduce a Bill in the first year of the current Parliament to establish the tax which will replace APD in Scotland from 1 April 2018.

> We remain committed to delivering a 50 per cent reduction in the overall tax burden of APD by the end of this Parliament. This will deliver sustainable growth for the Scottish economy by helping to generate new direct air routes, sustain existing routes and increase inbound tourism.
Annexe: additional background information - Draft Budget 2016-17

Major Events

In December 2015, the Government published its Scotland’s Spending Plans and Draft Budget 2016-17. The Major Events and Themed Years budget sat in the External Affairs and as can been seen in the following table had experienced a cut of £0.8 million.

<table>
<thead>
<tr>
<th>Major Events and Themed Years</th>
<th>2015-16 (£m)</th>
<th>2016-17 (£m)</th>
<th>2016-17 change on 2015-16 - cash (£m)</th>
<th>2016-17 change on 2015-16 - cash (%)</th>
<th>2016-17 change on 2015-16 - real terms (£m)</th>
<th>2016-17 change on 2015-16 - real terms (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.2</td>
<td>2.4</td>
<td>-0.8</td>
<td>-25.0%</td>
<td>-0.8</td>
<td>-26.3%</td>
</tr>
</tbody>
</table>

Tourism

In December 2015, the Government published its Scotland’s Spending Plans and Draft Budget 2016-17. The tourism budget then sat within the Enterprise, Energy and Tourism budget, under the Finance, Constitution and Economy portfolio.

The Scottish Government’s level of support in 2016-17 to VisitScotland was meant to:

- build on the economic benefits that tourism brings and the legacy of the Commonwealth Games and the Ryder Cup
- reflect the unique potential of Scotland’s portfolio of events and themed years to contribute to tourism growth.

Tourism Draft Budget 2016-17

<table>
<thead>
<tr>
<th></th>
<th>2015-16</th>
<th>2016-17</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td>£m</td>
<td></td>
</tr>
<tr>
<td>VisitScotland (Resource)</td>
<td>48.0</td>
<td>45.8</td>
<td>-4.5</td>
</tr>
<tr>
<td>VisitScotland (Capital)</td>
<td>0.7</td>
<td>0.7</td>
<td>0.0</td>
</tr>
<tr>
<td>VisitScotland (Non Cash)</td>
<td>1.5</td>
<td>2.2</td>
<td>48.6</td>
</tr>
<tr>
<td>Tourism special projects</td>
<td>0.4</td>
<td>0.4</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Total Level 3</strong></td>
<td>50.6</td>
<td>49.1</td>
<td>-2.8</td>
</tr>
</tbody>
</table>
VisitScotland’s resource budget reduced over the year by £2.2 million, or 4.5%, “reflecting current plans and the shift to digital marketing campaign freeing up resources” (according to the Scottish Government). ‘Non-cash’ which covers “the depreciation of assets” increased by almost 50% over the year.

**Session 4 Economy, Energy and Tourism Committee**

In November 2015, ahead of the publication of the Draft Budget 2016-17, the Session 4 Economy, Energy and Tourism Committee held a pre-budget evidence session on tourism.

Key points on tourism from evidence session on 18 November 2015, included:

- VisitScotland emphasised the importance of improving digital connectivity for tourism businesses
- Scottish Tourism Alliance confirmed that the industry was not on track to meet its target of achieving an additional annual overnight visitor spend of £1 billion or more by 2020
- Scottish Tourism Alliance believed it was particularly difficult for the hospitality industry to pay staff a living wage.

**Digital Tourism Scotland**

[Digital Tourism Scotland](#) (DTS) is a £1.2M programme to help tourism businesses across Scotland improve their digital skills and capitalise on the business opportunities that new digital technology offers. Running until June 2018, the programme will signpost businesses to existing digital support and provide access to new tourism specific support.

DTS is a partnership of seven organisations: Business Gateway, Scottish Government, Highlands and Islands Enterprise, Scottish Enterprise, Scottish Tourism Alliance, Skills Development Scotland, and VisitScotland.
Culture, Tourism, Europe and External Relations Committee

16th meeting, 2016 (Session 5) Thursday 22 December 2016

Draft Budget Scrutiny 2017-18

Written submissions

In advance of the meeting, the following stakeholder groups submitted written evidence:

- Edinburgh International Festival;
- National Museums Scotland;
- Scottish Opera;
- Sistema Scotland; and
- Scottish Library and Information Council.
EDINBURGH INTERNATIONAL FESTIVAL

Submission to the Culture, Tourism, Europe and External Affairs Committee
Scrutiny of Scottish Government’s Draft Budget 2017/18

We are pleased to submit the following information about the Edinburgh International Festival’s use of government funding.

Background
The International Festival’s funding mix is relatively unusual for a large scale cultural institution, in that it receives almost equal amounts of public investment from Creative Scotland and the City of Edinburgh Council. This core of public funding is critical to leveraging earned income from private sector fundraising and ticket sales. The International Festival is both rooted in its City and resolutely international. The funding partnership between Creative Scotland and the City of Edinburgh Council is emblematic of the International Festival’s success, reflecting the wide range of partnerships and deep engagement which sit at the heart of its mission and activities.

The International Festival’s total budget in 2016 was £11.4 million, of which £6.56 million (57%) was earned through ticket sales and private sector fundraising and £4.88 million (43%) was public sector grants, broken down as follows:

Grant income:
• £2.317 million (20%) Creative Scotland
• £2.317 million (20%) City of Edinburgh Council
• £200,000 Scottish Government Edinburgh Festival’s Expo Fund
• £50,000 EventScotland

Earned income:
• £3.58 million (31%) ticket sales income (net of VAT – total ticket income £4.3 million)
• £2.66 million (23%) private sector fundraising
• £315,000 (3%) other earned income

The grants from Creative Scotland and City of Edinburgh Council support the full range of the International Festival’s activity: the grants from the Expo Fund and EventScotland support specific projects.

Impact of government funding
Government funding to the International Festival via Creative Scotland and the Expo Fund supports:

Artistic excellence and innovation. Government funding is directed at supporting and developing the International Festival as one of the world’s most important and recognised cultural institutions. The International Festival invites and promotes the world’s leading artists and ensembles, offering unique events to Scottish and international audiences and thus promoting Scotland as a cultural leader on the world stage.

Access to excellence: the Festival works with world renowned artists of all nations, cultures and backgrounds and offers accessible pricing & concessions, facilities, interpretation and other opportunities to ensure that their work is accessible to a wide and diverse Scottish and international audience.
Engagement with Young People: a year-round Creative Learning programme primarily focused on children and young people, which reflects the Festival's unique international context and global network of artistic relationships.

Supporting Scotland’s reputation and place in the world, and in supporting Edinburgh’s competitiveness: the International Festival plays a crucial role as an ‘attack brand’, building awareness internationally, assisting Scotland’s ability to engage major emerging powers such as China and Edinburgh’s position on the international map of interest for global business leaders.

Employment: the International Festival invites and funds all of the artists in its programme, with its funding spent directly on paying fees to artists and companies and employing support staff and cultural workers to assist with the presentation of this work. In addition to this direct employment, the economic impact of the International Festival and its sister festivals is well documented, with the latest study demonstrating that they collectively support over 6,000 FTE jobs in Scotland. (Source: BOP Consulting: Edinburgh Festivals Impact Study 2015.)

Case studies:

- The 2016 International Festival welcomed audiences from 84 countries and over 2,400 artists from 36 nations. The total attendance in 2016 was 452,251.

- The 2016 International Festival message, ‘Welcome, World’, emblazoned across the city, was particularly successful in setting a tone of outward looking inclusion, capturing the mood of the Festival City and of Scotland. It was heavily featured in the media and on social media, as well as regularly referenced in national and international commentary.

- The International Festival’s presentation of the best of Scottish talent on an international stage is a significant element in the promotion and development of Scottish cultural excellence, offering an important platform for its National Companies and other artists which enables extended ambition and also leads to invitations from international promoters. In addition to the artists mentioned below, 2016 saw high profile engagements for Vanishing Point, National Theatre of Scotland, Scottish Ballet, Royal Lyceum Theatre Company, the RSNO, SCO, BBCSSO, Dunedin Consort and Hebrides Ensemble.

- The International Festival is a key player in Scotland’s cultural ecology. In 2016 we spent £5.9 million, equal to 53% of total budget, on Scottish artists, companies and venues and on employing staff. We also reached our goal of ensuring all directly employed staff, including seasonal employees, were paid the Living Wage as a minimum, as recommended by the Living Wage Foundation.

- The 2016 Festival Expo Fund enabled the International Festival to present a season of contemporary music which illustrated Scottish music’s place at the centre of the creative industries with collaborations with film-makers, animators and visual artists. The season incorporated hugely influential artists ranging from The Delgado’s singer Emma Pollock and the urgent hip hop of Edinburgh’s Young Fathers to a revival of Martyn Bennet’s final masterpiece GRIT and an epic live concert and film from renowned film maker Mark Cousins and Glasgow band Mogwai. Over 100 artists contributed to the season of work and the 29 performances received both audience acclaim and international profile and media coverage.

- As part of a year round Creative Learning programme which reached over 3,000 school children and over 75 separate school visits, 2016 saw year two of a three year intensive partnership with Castlebrae Community High School. This partnership is aimed at embedding creativity and cultural confidence into the work of the school, with a range
of activities including workshops, visits to performances around the year, and a mentoring scheme which saw Festival staff offer bespoke mentoring and positive destination programmes for all S5 and S6 pupils. The partnership continues in 2017, when the school will become the venue for an International Festival production, with young people involved in all aspects of the presentation.

**Allocation of funds**
The International Festival has not received an increase in its funding from Creative Scotland since 2009. The same is the case with our other major partner, the City of Edinburgh Council. The table overleaf shows the effect of the decrease in the value of this funding when inflation over the past eight years is taken into account.

As a regularly funded organisation, 2016 marked year 2 of a 3 year funding agreement with Creative Scotland. The Festival made the case for an uplift in funding when applying for RFO funding in 2015. Whilst it was not able to meet the request for any restitution of grant levels, there is a positive dialogue between the Festival and Creative Scotland, which acknowledges the challenges that standstill funding represents, and the potential impact on the Festival’s ability to deliver an event of the scale and quality which will continue to deliver the positive impacts detailed above.

The International Festival has been successfully managing this reduction in public sector support through a programming and marketing strategy to increase earned income from ticket sales and fundraising. Robust ticket sales in particular have enabled a shift in balance of turnover from 47% earned income/53% grants in 2009 to 57% earned income/43% grants in 2016.

As we move into 2017 and beyond, any further erosion of current levels of public support will inevitably impact on our ability to sustain a programme at this level of impact. The significant decrease in the value of sterling following the Brexit vote has further impacted on our budget, due to the number of international artists and companies we pay, the majority of whom require payment in their own currency.

The City of Edinburgh Council has embarked on a series of planned reductions in grant levels over the period 2015 – 2018.

The International Festival will continue to work to increase revenues in response to the continuing pressures on the public purse, but requires additional one off investment in staffing and other costs to support further changes to its business model. This investment has not yet been secured.

The other key issue impacting on the International Festival is uncertainty and late timing of public funding decisions. Whilst multi year indicative funding levels are welcome, final confirmation is not received until late December, or in January/February in the case of local authority funding. The International Festival has a planning cycle of 2 – 3 years, and advance commitments are essential to securing leading artists and making the most cost effective deals.

Fergus Linehan, Festival Director
Joanna Baker, Managing Director

Edinburgh International Festival
## Edinburgh International Festival Grant

### Income v CPI

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>0.034</td>
<td>0.04</td>
<td>0.035</td>
<td>0.028</td>
<td>0.016</td>
<td>0</td>
<td>0</td>
<td>0.005</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Grant</th>
<th>Core grant</th>
<th>Core grant</th>
<th>Core grant</th>
<th>Core grant</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEC</td>
<td>2,474,740</td>
<td>2,437,619</td>
<td>2,558,881</td>
<td>2,388,887</td>
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<tr>
<td>SAC/CT Scotland</td>
<td>2,317,296</td>
<td>2,317,296</td>
<td>2,396,084</td>
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</tbody>
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### Effect on annual P&L

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<tr>
<th>Grant</th>
<th>Annual gain/(loss)</th>
<th>Annual gain/(loss)</th>
<th>Annual gain/(loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEC</td>
<td>(121,262)</td>
<td>(272,369)</td>
<td>(365,513)</td>
</tr>
<tr>
<td>SAC/CS</td>
<td>(78,788)</td>
<td>(174,831)</td>
<td>(261,849)</td>
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</table>

| Project grants received | 180,000 | 100,000 | 690,000 | 200,000 | 550,000 | 50,000 | 50,000 |

### Effect on cumulative reserves

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<tr>
<th>Grant</th>
<th>Cumulative gain/(loss)</th>
<th>Cumulative gain/(loss)</th>
<th>Cumulative gain/(loss)</th>
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</thead>
<tbody>
<tr>
<td>CEC</td>
<td>(121,262)</td>
<td>(393,632)</td>
<td>(759,144)</td>
</tr>
<tr>
<td>SAC/CS</td>
<td>(78,788)</td>
<td>(253,419)</td>
<td>(515,268)</td>
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| (200,050)       | (647,051)              | (1,274,413)            | (2,051,113)            |

### Total Income v CPI

<table>
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<th>Grant</th>
<th>Total Income</th>
<th>Total Income</th>
<th>Total Income</th>
<th>Total Income</th>
<th>Total Income</th>
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<tbody>
<tr>
<td>CEC</td>
<td>4,792,036</td>
<td>4,754,915</td>
<td>4,706,163</td>
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| Total          | 5,598,442    | 7,072,252    | 5,023,459    | 7,023,459    | 7,023,459    |
16 December 2016

Joan McAlpine MSP
Convener
Culture, Tourism Europe and External Relations Committee
The Scottish Parliament
Edinburgh
EH99 1SP

Dear Ms McAlpine

Scrutiny of the Scottish Government’s draft budget 2017/18

Further to your letter of 23 November, National Museums Scotland offer the following as a contribution to your work:

1) A brief summary outlining how your organisation used government funding over the course of this financial year;

National Museums Scotland cares for museum collections of international importance, presenting and interpreting them for a broad audience. In 2015/16 we welcomed over 2.4 million visitors across our four museums, and the National Museum of Scotland retained its position as the most visited museum outside of London for the fifth year running making it a key contributor to Scotland’s thriving tourism market.

We are active in communities across Scotland, working with a wide range of partner museums and other organisations to share our collections as widely as possible and to ensure the wider museum sector benefits from our knowledge and expertise.

Through imaginative public programming we actively engage and inspire a wide range of audiences with our collections, including new and traditionally ‘hard to reach’ groups.

Our unusually diverse collection is an important international resource - historically, culturally and intellectually – and through the National Museums Collection Centre we enable our own curatorial staff and researchers from around the world to provide new insights into Scotland’s National Collections.

We report to the public in our Annual Review on how we use our funding from government and other sources, and this report is available on our website at the following link:

http://www.nms.ac.uk/media/1152934/review2016_web.pdf
For convenience I have attached copies of our Annual Review and National Strategy documents.

In addition, our accounts are also available to the public via our website at the following link:


2) Any case studies you may have which demonstrate the impact these funds had or will have, particularly if they have a transformative or preventative effect;

Our annual review report includes such case studies.

3) Any comments you may have concerning the allocation of funds this financial year (e.g. access, timings, material changes from previous year etc.);

This financial year was the latest in a series of one-year settlements. This short-term focus makes planning more challenging in a range of ways. A reliable three-year settlement would help us both plan ahead the services we intend to provide and develop alternative funding sources. This is especially important as a way to protect public services from the effect of reducing levels of government funding.

4) Any concerns you have about the allocation of funds for the coming year.

2017/18 is another one-year settlement and our comment above continues to apply.

In addition, we note that Scottish Government pay policy continues to apply. This generates additional pay costs with no additional funding to support it, which implies that we have to implement organisational changes to generate cost reductions to fund the policy. However, the same policy also constrains our ability to make organisational changes. The lack of funding to support the costs of the policy combined with the constraints upon organisational change is becoming an increasingly important issue.

We trust that you find our comments helpful and would be happy to provide further information or comment as you require.

Yours sincerely,

[Signature]

David Spilsbury
Director of Finance and Planning
Across Scotland
Working to engage and inspire
National Strategy 2016–2020
National Museums Scotland is proud of its contribution to Scotland’s heritage and culture. Millions of people from across the country and across the world visit our four museums.

We care for the nation’s treasures – one of the most diverse national collections in the world. We are an essential support to Scotland’s heritage and cultural ecosystem and we reach many communities across the country.

In spring 2016 National Museums Scotland launched a new Strategic Plan, which sets out our priorities for the next five years. The Strategic Plan includes a much stronger emphasis on the effect we have ‘beyond our walls’ – cultural, social, educational and economic. Our work has always been outwardly focused, and we aim to increase its impact.

As part of that plan, we took the opportunity to review our national programmes, our performance to date and priorities for the future. This document outlines our new approach to working nationally, building on a ten-year track record of collaboration and support, and finding a new focus to increase the positive benefits we can offer.

We aim to ensure the value of our collections, expertise and programmes is felt as widely as possible beyond the walls of our museums Across Scotland.

Dr Gordon Rintoul CBE
Director, National Museums Scotland
In the past ten years National Museums Scotland has worked with people, places and collections across Scotland in many different ways.

We have provided thousands of objects on loan, created several touring exhibitions, devised and delivered multiple learning activities and events, offered expert advice and training to hundreds of staff at other museums, and built new channels to reach those who cannot visit us.

In these and other ways, we have been active in every part of Scotland.

This reflects our continued drive to share our collections as widely as possible, to increase knowledge, and to inspire people from every background in every part of the country.

This new National Strategy builds on our strong track record and sets out our priorities for the next four years (2016–2020).
Our National Programme in numbers.
In 2015/2016 our work across Scotland included the following activity:

135 museums supported
engaging through training, loans, touring and community engagement projects, talks and expert advice

53,000 pupils engaged
from over 500 schools via workshops, using our teacher-led tours or our handling session resources

2,349 items loaned
to 93 venues, including 275 items to 10 new venues

18,000 people engaged
through our outreach programmes, including over 7,500 subscribers worldwide in our first Massive Open Online Course (MOOC) inspired by our major exhibition Photography: A Victorian Sensation

250 training experiences
to 164 museum staff, working in 75 organisations across 26 different local authorities

67 acquisitions supported through the National Fund for Acquisitions
worth over £1 million enriching the collections of 27 organisations across 19 different local authorities.

21% increase in visitor numbers
at four venues across Scotland through the touring exhibition Next of Kin

© Brian Cassidy Photography
National Commemoration: Next of Kin
This First World War Centenary project, exploring the personal stories of separation and loss experienced by Scottish families, involves partners across Scotland, bringing national and local collections together in a touring exhibition to eight museums. Displays are jointly customised at each venue to include locally relevant content, sharing skills in areas such as marketing, and creating new film, educational and digital resources. Thanks to funding from the Scottish Government and the Heritage Lottery Fund this project has shown how investment in high profile national collaborations can pay great dividends, boosting the profile and capacity of local museums, increasing visitor numbers and inspiring audiences.

Inspiring New Perspectives: Panjab Connections
Working with the Young Sikh Leaders network at Glasgow Gurdwara and professional artists we researched the history and collections associated with the Maharaja Duleep Singh, the UK’s first Sikh resident who settled in Scotland in the nineteenth century. This creative project helped the group to explore the history of Sikh culture in Scotland while learning new skills in film, photography and jewellery design.
Aspiration

Our vision sets out what we aspire to achieve through our national programmes:

*To engage and inspire people across Scotland by sharing our collections, their stories and our expertise for the widest benefit.*

Our national aims

The aims for our National Strategy (2016–2020):

- We will provide positive cultural, educational, social and economic benefits to people and places, with as wide a reach as possible.
- We will support others to enable them to achieve their aspirations, directing our core national programmes to where we can add the most value to local and national interests, and to other museums.
- We will engage other partners and funders where possible to expand our reach and impact.
- We will ensure that our national activities are of a high quality and effectiveness, and will track the benefits of this in its recognition by peers, stakeholders and funders.
External environment

There are particular opportunities and challenges in delivering this Strategy over the next four years. A national consultation, undertaken in 2015, revealed particular demands from potential audiences in local communities and online from our museum peers, from major funders and from stakeholders.

The following are key considerations going forward:

- We have a strong track record nationally which is widely acknowledged, with expressions of interest in greater collaboration and for innovation and leadership from our organisation.

- Recent changes in national and local cultural policy encourage focus on seven key areas: working in partnership; place making; strengthening and evidencing social and economic impact; promoting community involvement; encouraging diversity; and supporting educational attainment.

- There is a strategic need to build resilience and confidence across the cultural sector, an area in which we can further develop our advice and support activity.

- Key stakeholders and funders are encouraging us to grow our capacity in order to lead and coordinate larger, longer-term projects (3–5 years) that will drive wider benefits and impact nationally. This aligns with our ambition to extend our existing delivery channels.

- There is high demand for us to build on our past work with other museums to target different audiences and share collections and expertise, noting that collaboration with national institutions can enable partners to engage key stakeholders, media and funders and grow audiences, profile and capacity.

- There are some challenges in delivering partnership activities across Scotland: limited resources in a very challenging economic environment for museums and wider public services, growing gaps in expertise and an underdeveloped infrastructure to support loans and touring exhibitions. Wherever possible we should build in such critical support for our prospective partners in externally funded projects.

- Effective partnership working across Scotland’s museums is immensely important. We will develop our role in consultation with key stakeholders and aim to support the delivery of the National Strategy for Scotland’s Museums and Galleries.
Building Skills: Entomology

We provide targeted knowledge and skills training for Scottish museums in curatorial and other areas with topics as diverse as managing Egyptian collections, the use of handling objects for learning, exhibition marketing and how to bid effectively at auction. A group of curators came to our National Museums Collection Centre to learn about our entomology (insect) collections, their storage and care requirements, as well as practical training in techniques such as pinning and gluing.

STEM Learning: Get Energised!

This ScottishPower Foundation funded programme encourages school pupils and teachers to explore, discover and understand renewable energy in Scotland and provides inspiring learning opportunities around the STEM subjects (science, technology, engineering and maths). Due to its popularity with teachers and pupils it has continued to grow each year. The programme now includes: Challenge Days for National Qualification Physics pupils; Science Investigation Days for S1–3 pupils; Magic Carpet sessions about weather for Nursery–P1 pupils; interactive STEM workshops for P5–7 pupils; and training and support for teachers.
“Partnership with National Museums Scotland has been an essential factor in the development of the new Museum nan Eilean at Lews Castle. Our close working relationship has contributed to a high quality exhibition which will provide an excellent visitor experience.”

Nick Smith, Heritage Manager, Lews Castle

Place Making: Lews Castle

We are delighted our collections are playing a major role in the transformation of Lews Castle with over 80 items on loan to the new facility. This follows nine years of formal partnership with Museums nan Eilean in Stornoway, including collaborating on training, audience engagement programmes, touring exhibitions and object loans.
Local and Global: Pacific Collections

This national review of collections from the Pacific region was undertaken with 30 Scottish museums. Thanks to funding from the Esmée Fairbairn Foundation, with our partners we have developed curatorial skills and uncovered valuable knowledge about the objects and the history of these collections which provide a legacy for future generations.

Online Learning: Massive Open Online Course (MOOC)

To accompany our exhibition Photography: A Victorian Sensation, we collaborated with the University of Edinburgh to create our first MOOC. The course attracted over 7,500 subscribers in 146 countries worldwide. The five-week course offered free online audio lectures, films, quizzes and discussion forums inspired by the exhibition.
Working with Young People: Scotland Creates

Scotland Creates: A Sense of Place (funded by the Esmée Fairbairn Foundation and Creative Scotland), was a two-year national youth engagement project which we led in partnership with museums in Greenock, Dundee, Kilmarnock and the Western Isles. The project encouraged young people to develop creative and digital responses to national and local collections, fostering skills development and bringing fresh experiences and new relationships to participants.

Shared ambitions: Reflections on Celts

A spotlight tour of two Iron Age mirrors from National Museums Scotland and the British Museum visited 5 venues across the UK at the same time as the major international Celts 2016 exhibitions in London and Edinburgh. Partner venues used the loans as a catalyst to inspire new engagement with local audiences and collections. Highlights included a community curated exhibition at Inverness Museum & Art Gallery with Birchwood Highland Recovery Centre, a new schools programme at Old Gala House and a new 3D film digital reconstruction of Dundee Law hill fort with the University of Dundee at The McManus: Dundee’s Art Gallery and Museum.
Looking to the future

We want to prioritise activities that generate the greatest benefits to people and places across Scotland. This means growing our impact and reach through targeted programmes that bring positive benefits to people, places, prospective partners, collections and audiences as a whole.

In particular, we aim to increase our focus on the following:

- Develop our leadership and support for nationwide projects that will build capacity and increase public engagement with Scotland’s collections in their entirety.
- Expand our touring exhibition and loan programmes to widen reach and increase profile.
- Prioritise particular strands of our learning and outreach activity nationally, including growing the use of digital, broadening our community engagement work with under-represented audiences, and expanding our role in science engagement.
- Direct our advice, support and collaboration with other museums where there is greatest need and potential for impact, revising the focus and content of our National Training Programme and enhancing our advising museums activity.
- Build on the success of past national partnership projects which included strong capacity building support for museums and communities nationally – such as the Next of Kin touring exhibition, the Pacific Collections Review project and the Scotland Creates and Panjab Connections community engagement projects.
- Harnessing external funds to enable national projects to be carried out with greater impact.
- Improving communications and efficiencies in current programme administration and facilitating strong relationships to support effective delivery of all our national programmes.
Our national priorities

Share Scotland’s Collections

- We will develop and raise funds for a series of large-scale national projects that build the impact of our work ‘beyond our walls’ to benefit collections, people and places across Scotland.

- We will offer a more frequent and wide-ranging programme of touring exhibitions, working with local partners to build engagement with national and local collections and their audiences.

- We will continue to offer objects on loan, and showcase more high profile objects at local venues.

- We will continue to champion the National Fund for Acquisitions, advising applicants effectively and promoting the quality and variety of acquisitions to maximise visibility and impact.
Engage and inspire people

• We will devise and deliver a range of outreach and engagement activities which attract and inspire broad audiences, including schools, young people and communities.

• We will develop innovative, rich and accessible digital content and use new digital channels to engage new and diverse audiences.

• We will increase awareness and understanding of our programmes, our partners and our impact to maximise support and participation.

Strengthen skills and expertise

• We will provide support to peers on request through our policy on advising museums.

• We will align our skills development and training provision with national priorities and with our major projects and core programmes.

• We will use our collections strengths and our expertise to address known skills gaps and to build confidence and resilience nationally.

• We will streamline our own processes to help partners work with us more easily.
National reach of our programmes across Scotland in 2015 and 2016:

- Loans Programme
- Touring Programme
- Training Programme
- Communities & Schools
- National Fund for Acquisitions
NFA Building Collections: The Pier Arts Centre

We administer the National Fund for Acquisitions on behalf of Scottish Government, providing £150,000 per annum to support acquisitions for collections across Scotland. In 2015/16 the total value of objects supported was over £1 million, including £20,000 towards the acquisition of a sculpture by Barbara Hepworth for the Pier Arts Centre in Stromness. *Two Forms (Orkney)*, 1967, is a significant addition to their important collection of works by artists associated with the British Modernist movement.
Delivering the Strategy

We will produce and monitor an annual National Plan which sets clear targets and actions to deliver our aims and priorities, focused around the following action areas. Against the backdrop of an increasingly challenging financial environment our ambition to deliver and enhance our programmes across Scotland remains high. Delivery will be focused on achieving the following outcomes:

• Deliver significant benefits to Scotland’s people, communities and museums.
• Increase impact by seeking external funds which will enable us to deliver more.
• Increase the profile of our programmes to benefit both our partners and ourselves.
• Build skills and capacity with our partners.
• Enhance our effectiveness and efficiency.
• Evidence our cultural, educational, social and economic impact.

Evidencing our impact

We will measure our performance and its impact annually, both in qualitative review and quantitative evaluation. This will include:

• Measuring levels of engagement with our national loans, training, advice, touring exhibitions, learning and community programmes.
• Monitoring participation levels in our national programmes in terms of the type of programme accessed, location and target audience reached.
• Collecting and reporting audience and stakeholder feedback on our effectiveness across all our national programmes.
Three of the new galleries at the National Museum of Scotland: (from top) Design for Living, Making and Creating, Fashion and Style.
Vivienne Westwood jacket and bondage trouser in the Fashion and Style gallery.
This has been a landmark year at National Museums Scotland as we welcomed over 2.4 million visitors across our museums, completed three flagship capital projects, celebrated the 150th anniversary of the National Museum of Scotland, and developed a new Strategic Plan to guide us through the next four years.

As one of the world’s great museums, the National Museum of Scotland uniquely brings together science, art, the natural world and the diversity of human cultures, inviting visitors to explore the world under one roof. In 1866, the Museum started its life as the Edinburgh Museum of Science and Art. It was therefore fitting to mark the Museum’s 150th anniversary year with the opening of ten magnificent new galleries dedicated to those very subjects.

At Easter, the visitor experience at the National Museum of Flight was transformed with the restoration of two Second World War hangars and the creation of vibrant and engaging displays to enhance dramatically the presentation of our outstanding aviation collections.

At the heart of both projects was the desire to widen access to our exceptional collections and we hope the new displays will excite and engage increased numbers of visitors both today and for generations to come.

Work has now begun on the next phase of development at the National Museums Collection Centre, following the opening in June 2015 of a state-of-the-art new storage and research facility. This will further establish this site as a key resource for our national and international programmes. We have also embarked on the fourth and final phase of our 15 year Masterplan for the transformation of the National Museum of Scotland with two new galleries due to open in 2018/19 which will provide new insights into our internationally important Ancient Egypt and East Asia collections.

Looking forward, our new Strategic Plan 2016–20 – which follows over a decade of successive investment in our collections, our museums and our visitors – aims to take us to a higher level. It reflects our continued drive to delight and inspire our visitors, to invest in our historic buildings and to research, exhibit and share our collections. Our work has always reached across the nation but, importantly, the social, economic and cultural impact we have ‘beyond our walls’ has a much stronger focus in this new Strategy.

Delivering our ambitions will require significant financial support, both public and private. We aim to increase our capacity and skills to raise income from public sources and to develop a more entrepreneurial approach which grows commercial income.

Finally, our thanks go to our staff who have worked tirelessly and with great commitment and skill to help us deliver a year so full of significant achievements.

Bruce Minto OBE, Chairman
Dr Gordon Rintoul CBE, Director

A Year of Great Achievement
On Friday 8 July 2016, ten major new galleries and a splendid new piazza opened at the National Museum of Scotland in celebration of the Museum’s 150th anniversary. This was the latest phase of the Masterplan to transform the Museum. A £14·1 million investment in state-of-the-art galleries has enabled us to put objects on display for the first time for generations, reveal our collections in new ways and significantly increase interactivity and engagement.

The innovative new galleries encourage visitors to take a journey of discovery, exploring the excitement of scientific discovery and invention, and the creativity of applied arts, fashion and design. The redevelopment restores the Museum’s original layout and sightlines, encouraging flow between the galleries by giving visitors enticing glimpses of what lies ahead.

Visitors can experience the collections like never before, with in-depth information provided through a network of digital labels, audio visual programmes and working exhibits – over 150 interactive exhibits in total. These range from specially restored, wonderfully intricate Victorian-era engineering models, to hot air balloons, a human-sized hamster wheel, a fashion design digital interactive and a host of touchscreens and films.

Our Science and Technology galleries are amongst the most significant in Europe and create a platform for establishing the National Museum of Scotland as a major centre for science engagement to inspire the scientists, engineers, artists and designers of tomorrow.

We are enormously grateful to all our funders: the Heritage Lottery Fund, Wellcome, and the Scottish Government, many charitable trusts, foundations and companies and nearly 800 generous individual donors, without whom the galleries would not have been possible.

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**Innovating & Inspiring**

**3,700 m²**

Total area covered by the new galleries

**3,000+**

Objects on display in the new galleries

**75%**

Proportion of objects displayed that have not been seen for a generation or more
Interactive fun in the ‘human hamster wheel’ in the Energise gallery.

Interactive exhibits in the new galleries

Hours of conservation time spent preparing objects for display

Truckloads of objects transported from the National Museums Collection Centre

New acquisitions for display in the galleries
In the three months following the July 2016 opening of our new galleries, there were over 600,000 visits to the National Museum of Scotland, an increase of 30 per cent on the same period last year. The new galleries have been very well received by visitors and the media.

“From a balcony at the National Museum of Scotland, it seems all of human achievement is laid out for the curious visitor... this £14.1 million revamp should cement its reputation as a world-class attraction.”

_The Times_

“(The new galleries) will take visitors on an enlightening journey of the highest order.”

_Metro_

“There’s something for everyone here.”

_The Herald_

“One of the world’s great museums.”

_The Press and Journal_
The Art of Living gallery brings together stunning examples of European decorative art: (from nearest) De Lucci marquetry table, Kinghorne table carpet and panelled wall from Hamilton Palace.
The Supermarine Spitfire has a dramatic new ‘in-flight’ display.

Interactive touchscreens enable deeper exploration of the stories of the aircraft on display.
Easter 2016 saw the opening of two newly redeveloped hangars at the National Museum of Flight, reaffirming its position as one of the most significant aviation museums in the UK and Europe.

The £3.6 million investment, supported by funding from the Heritage Lottery Fund, the Scottish Government, The Robertson Trust, The MacRobert Trust and Viridor Credits, restored two nationally significant Second World War hangars and created dramatic new displays telling the stories of military and civil aviation over the past 100 years.

The hangars feature over 30 aircraft from our collection. Highlights include the iconic Supermarine Spitfire, the Britten-Norman Islander air ambulance, and the oldest surviving Hawker Siddeley Harrier jump jet. As part of the work, an environmentally friendly ground-source underfloor heating system was installed, enabling smaller objects such as uniforms, documents, photographs and weapons to be displayed alongside the aircraft.

As well as telling the stories of the technology and design of the aircraft, the new displays introduce visitors to the people connected with the aircraft and the context in which they were created. Our Collecting Digital Stories oral history project captured the personal accounts of pilots, engineers, crew and passengers in short films which appear on interactive touch screens alongside the aircraft they flew or worked with.

Alongside the new displays, a range of engagement activities are helping to broaden our audiences. Work with local communities has enabled us to engage with more people, both at the Museum and elsewhere. We have also established a programme of skills development workshops for young people, developing engineering, front of house and storytelling skills.

“Open the door of these two WW2 hangers and you are opening the door to history. The stories of incredible flying machines come to life in a way which will inspire, teach and let imaginations fly. Thanks to funds raised through the National Lottery, we are delighted to have played our part in this remarkable transformation of this unique collection. It will ensure that the National Museum of Flight continues to grow as a significant international tourist destination and a valuable education resource.”

Lucy Casot, Head of the Heritage Lottery Fund in Scotland

Restoring & Engaging
Making an Impact Beyond our Walls

We continue to be very active in communities across Scotland, working with a wide range of partner museums and other organisations to share our collections, knowledge and expertise. Key aims have included boosting the profile and capacity of local museums, increasing their visitor numbers and inspiring audiences.

Key
- Touring
- National Fund for Acquisitions
- Loans
- Training
- Communities

135 Other museums supported
2,349 Items loaned to 93 venues
53,000 Pupils engaged from over 500 schools
67 Acquisitions supported
Touring and engagement

To commemorate the centenary of the First World War, we have been working with eight Scottish museums to bring national and local collections together in a touring exhibition. *Next of Kin* explores the personal stories of separation and loss experienced by Scottish families during the First World War. The tour, which continues into 2017, has so far visited five venues and been seen by almost 42,000 people.

Our small touring exhibition, *Reflections on Celts*, took two Iron Age mirrors to museums across the UK. Each museum expanded the display, adding related material from their own collections and programming schools workshops and community events on the theme of *Celts*. This activity supported the National Museum of Scotland’s major exhibition *Celts*, organised in partnership with the British Museum.

Supporting the museums sector

We share our knowledge and expertise through free training programmes for museums staff throughout Scotland. In 2015/16 we delivered over 250 learning experiences to museum staff from 75 organisations in 26 local authority areas. Topics ranged from the use of handling objects for learning, to managing Egyptian collections, and to how to mount a crowdfunding campaign.

Sharing our collections

Nearly a third of the fascinating objects on display at the new Museum nan Eilean are on loan from National Museums Scotland’s collections, including a number of spectacular Viking hacksilver hoards and a 1923 Morgan three-wheel motor car, which had been owned by a local resident. These loans will provide rich, new opportunities for fruitful collaboration for many years to come, with a number of further projects already planned.

1 Two Iron Age mirrors, one from our collection and one from the British Museum, toured museums across the UK.

2 A team of curators and registrars visited Lews Castle in Stornoway, the new home for Museum nan Eilean, to transport and install objects on loan from the national collections.

“Partnership with National Museums Scotland has been an essential factor in the development of the new Museum. A close working relationship with National Museums Scotland staff has contributed to a high quality exhibition which will provide an excellent visitor experience.”

Nick Smith, Heritage Manager for Museum nan Eilean
Collaborating for Success

Working with partners enables us to maximise our resources and reach new audiences across Scotland, the UK and internationally.

1 Celts featured more than 300 treasured objects from across the UK and Europe.

2 New fossil finds will help to explain how vertebrate life stepped from water onto land.

A strategic partnership

Our major exhibition Celts was organised in partnership with the British Museum. It unravelled the complex story of the different groups of people who have used or been given the name ‘Celts’ through the extraordinary objects they made and used. This is the first time that National Museums Scotland has partnered with the British Museum on such a major project and it involved teams from both organisations working closely together to curate, design and promote the exhibition. Celts featured more than 300 treasured objects from across the UK and Europe, brought together for the very first time – a feat it would have been near impossible to achieve without such a partnership.
Cutting-edge research

Over the past year, a team of researchers from National Museums Scotland, the British Geological Survey and the Universities of Leicester, Cambridge and Southampton, have been working together to investigate fossils found by Scottish palaeontologist Stan Wood. Their aim has been to try to explain how vertebrate life stepped from water to land.

Funded by the Natural Environment Research Council and the Heritage Lottery Fund, the Tweed (Tetrapod World: early evolution and diversification) project involves undertaking a major excavation in the Scottish Borders seeking fossil evidence to fill a gap in our scientific knowledge of evolution. Their research formed the basis for the National Museum of Scotland exhibition Fossil Hunters, which featured some of the newly discovered fossils and explained the scientific techniques used to extract and identify them. The exhibition is now on tour to other museums in Scotland.

Making history

At the National War Museum, the exhibition Life Support: Stories from The Royal Regiment of Scotland marked the Regiment’s first decade of operations since it was formed in 2006. Created in association with The Royal Regiment of Scotland, the exhibition offers a fresh perspective on the combat and peacekeeping work of Scotland’s infantry soldiers, through a selection of stories and interviews from the people, military and civilian, who make up their vital support network at home and on the frontline.

Building skills for the future

With Skills Development Scotland, we are strengthening our links with secondary schools and connecting our galleries more closely with careers choices for young people. Two Skills Development Scotland staff have been seconded to work with our Learning & Programmes team to develop resources to support educational visits to the new galleries. In March 2016, we hosted the first Careers Hive with Edinburgh International Science Festival, promoting Science, Technology, Engineering and Mathematics (STEM) subjects and careers to school pupils. In one week, over 2,000 pupils took part in workshops, talks and demonstrations by industry experts.
Reaching New Audiences

We continue to work to diversify our audience through imaginative programming and developing new ways of engaging traditionally ‘hard to reach’ groups.

Building a mini-museum

The perennial appeal of Lego® bricks was the foundation stone for a programme of activity designed to attract diverse audiences, as part of the Year of Innovation, Architecture and Design, and the Festival of Architecture. An exhibition showcased some of the world’s greatest feats of engineering recreated in Lego®, from the Colosseum to the Empire State Building. The accompanying programme of family-oriented activity, including a public build of a giant Lewis Chessman and the creation of a scale model of the National Museum of Scotland, encouraged people of all ages and abilities to try some building themselves.

Festival fun

Our burgeoning Festival programme was a hit with the public and the media, featuring activity designed to surprise and delight both local audiences and tourists. We worked with Gilded Balloon to create a new Fringe venue at the National Museum of Scotland, hosting comedy, theatre, children’s shows, music, spoken word performances. Along with free lunchtime music, pop-up dance shows in the Grand Gallery, and a series of three sold-out After Hours events, it was certainly an August to remember.
Thinking differently

Our series of activities designed to appeal to those for whom visiting a busy museum can be intimidating, goes from strength to strength. *Museum Socials* are regular free sessions for anyone affected by dementia and their relatives, friends and supporters, creating a relaxed environment in which participants enjoy tea and cake, followed by an activity inspired by our collections. This year, we also held three events outside of regular museum hours to enable young people on the autistic spectrum to enjoy our exhibitions in a quieter, more relaxed environment, and to meet curators to hear more about their work.

Award-winning livestock

The National Museum of Rural Life showed some of its livestock at the Royal Highland Show for the second year running. Two members of the Kittochside dairy herd competed successfully, with Nora Louise 2nd and Kittochside Carrie’s Napier placed second and fourth in their respective categories. This is just one of a number of competitions entered each year by the farm team at the museum as an important way of showcasing the farm and the skills of the staff in preserving traditional farming methods. With almost 200,000 visitors, the Royal Highland Show also plays an important role in raising awareness of the museum amongst the farming community and potential future visitors.
Digital Development

Our new Strategic Plan prioritises expanding our online footprint through innovative digital partnerships, web developments and a wide-ranging presence on social media platforms.

This year we have created digital experiences to support our new developments, grow our social media following and help a broader range of people connect with our collections wherever they are.

Revealing more

To complement our new galleries, we created two online experiences to enable audiences to engage more deeply with our collections. For the Science and Technology galleries, support from Wellcome enabled us to create Gen, a game in which players are asked to diagnose and treat an online creature’s illnesses, using real biomedical objects displayed in the galleries. For our new Fashion and Style gallery, Mode offers a personal, mobile phone-based guide to the museum’s wardrobe. Featuring detailed imagery and 360° spins of outfits, it allows visitors to see the garments on display up close, and to place them in the context of fashion and design history.

Exploring more

The Explore section of our website is our online hub of collections, stories, games, films and resources – a place where people can find out more about objects they have seen in the museum, and those who cannot visit our museums in person can connect with our collections stories. Following detailed audience research, we have redesigned and relaunched our website, with a 13% uplift in visits to the site and over 550,000 sessions in the first three months. This work won a Scottish Creative Award for Digital Strategy.

1 Players of Gen are scored on their performance.

2 Our website has a mobile-friendly format.
Sharing more

We are continuously adding records to our online database, with just over 400,000 records already accessible online. We will continue to add records throughout the year, aiming to have almost 600,000 records available online by the end of March 2017, meaning that these objects will be available for people to appreciate throughout the world, at the click of a button.

3 Our mobile Museum Highlights app is available in seven languages.

1.98 million

Website visits in 2015/16

130,000

Followers on social media
Preserving & Conserving

Our unusually diverse collection is an important international resource – historically, culturally and intellectually. Through the further development of the National Museums Collection Centre, we are significantly improving access to our collections for research, conservation and learning.

In 2015, Fiona Hyslop, Cabinet Secretary for Culture, Tourism, and External Affairs opened a new, state-of-the-art research and storage facility for our Natural Sciences and Scottish History and Archaeology collections. The new facility provides better access and ease of operation, has enabled us to increase external research visits, improve the care of our collections, and pursue cutting edge and inter-disciplinary research.

There is still much to be done to enhance and replace buildings at the Centre. A new phase of building development has begun to extend our conservation and scientific analysis facilities, which are vital for our work both in our museums and supporting national and international touring.

For the new galleries at the National Museum of Scotland, staff prepared objects for display, restoring and cleaning thousands of items, crafting bespoke mounts, and planning the logistics of packing and transporting the objects to the Museum for unpacking and installation.

1. Spiral-horned antelope skulls from Africa – part of the Vertebrate Biology collection.
2. A selection of beetles from the Dufresne collection, which was given to the Museum in 1866.
3. An entomology training session at the National Museums Collection Centre.
A member of the conservation team prepares the ancient Egyptian coffin of the ‘Qurna queen’ for future display.

42,000 people have seen the Next of Kin touring exhibition so far. Visitor numbers at the first three venues increased by 22%, with partner museums reaching out to new audiences.
We are proud of our contribution to the creation and promotion of world class culture in Scotland. Bold ideas and a track record of success have served us well, but we must continue to innovate – looking to the future with ambitious goals will help us further transform our organisation.

During this year, we developed a new Strategic Plan which sets out the ambitions of National Museums Scotland in 2016–20. It outlines the opportunities and challenges we face for the future.

Although we are operating in an increasingly challenging financial climate, our ambitions to continue to transform our facilities and services and enhance our impact both at home and internationally are undimmed. We want to build on the many achievements of the past ten years to ensure that the National Collections are cared for more effectively, shared with an increased number of people, and that our overall impact continues to grow. We plan to broaden our programme, making further step-change improvements to quality, profile, popularity and reputation. We will place greater emphasis on our impact beyond the walls of our museums, and in October 2016 launched a new National Strategy which strengthens our approach to working nationally through touring, sharing our skills and expertise, and working in partnership to engage audiences. We will also use digital technology to transform the way people can engage with our collections and make shifts in the way we operate and fund our work.

You can download the full Strategic Plan at www.nms.ac.uk
Helping it happen

Many of the wonderful achievements of 2016, including the bold and confident transformations at the National Museum of Scotland, National Museum of Flight and National Museums Collection Centre, simply would not have been realised without our supporters.

We are grateful to all of our supporters for their passion for our museums. Such support has helped enable exhibitions to be created, buildings to be restored, new galleries to be developed, research discoveries to be made, outreach activities and schools programmes to be expanded. All this helps ensure Scotland’s treasures and their amazing stories continue to delight and inspire new generations of visitors.
Our supporters in 2015/16

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EventScotland
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Individuals and Legacies
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Patricia Barclay
Mary Bownes and Michael Greaves
Sir Robert Clerk
Neil and Katie Clyne
The Late Agnes J Cruickshank
Sir Tom and Lady Farmer
Sir Angus and Lady Grossart
Dowager Duchess of Hamilton
Christine Lessels
Lynda Logan
Donald and Louise MacDonald
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The Late Robert Ian Murray
Anne and Matthew Richards
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We also thank the many people who have provided guidance, expertise and their time in support of the work of National Museums Scotland.

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We would like to record our special thanks to the Trustees of the National Museums Charitable Trust for their ongoing support of our work.

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Traditional rural skills are demonstrated at the Country Fair at the National Museum of Rural Life.

If you would like to know more about ways to get involved and support our work, please contact our Development team on: 0131 247 4095 or development@nms.ac.uk
The new Science and Technology galleries at the National Museum of Scotland.
Cover image: Accelerating cavity from the CERN Large Electron Positron Collider, in the Enquire gallery.

National Museums Scotland cares for museum collections of international importance, presenting and interpreting them for a broad audience.

National Museum of Scotland
National Museum of Flight
National Museum of Rural Life
National War Museum
National Museums Collection Centre

View our full Annual Report and Accounts at:
www.nms.ac.uk/review

A Gaelic Language translation of this Review is available at:
www.nms.ac.uk/review-2016

This Review is also available in large print, in Braille and on CD.
16th December 2016

Joan McAlpine MSP
Convener
Culture, Tourism, Europe and External Relations Committee
The Scottish Parliament
Edinburgh EH99 1SP

Dear Ms McAlpine

Scrutiny of the Scottish Government’s draft budget 2017/18

Many thanks for your letter dated 23rd November 2016 inviting Scottish Opera to provide some information to the Committee with regard to both the budget for 2016/17 and the proposed allocation of funds for 2017/18.

As the Committee may be aware, Scottish Opera is the largest performing arts organisation in Scotland and continues to be in a strong artistic and stable financial position. We were delighted to have this recognised with the award of Best Musical Group at the inaugural Herald Culture Awards earlier this year.

We, and our other National Performing Arts Company colleagues (RSNO, SCO, Scottish Ballet and National Theatre of Scotland), have enjoyed nearly 10 years of direct funding from the Scottish Government, combined with a good working relationship with the Cabinet Secretary for Culture, Tourism and External Affairs and her team of officials.

We remain committed to the full and democratic provision of the performing arts across the geographies and demographics of Scotland, and to the role we play in the national provision of Education and Outreach – as measured by the National Performance Agreement. We continue to bring high quality performances of opera to over 48 communities across Scotland every year, including our mainstage performances in Glasgow, Edinburgh, Aberdeen and Inverness. We believe that creativity is crucial to the delivery of good education and the development of creative skills is vital to the futures of our children and young people – whilst significantly benefitting Scotland’s business and enterprise sectors.

The Committee has asked for four areas to be explored in some detail. We have addressed these areas in the following pages which we hope will demonstrate the extent and impacts of our work. We will be happy to answer any supplementary questions the Committee may have.

Yours sincerely

Alex Reedijk
General Director
Photographs clockwise:

Rusalka – performed in Glasgow and Edinburgh in Spring 2016. Production originates from Grange Park Opera.
The Elixir of Love – a new production that toured 16 smaller venues across Scotland in Autumn 2016.
The Mikado – a new co-production with D’Oyly Carte Opera Company, performed across Scotland and in Belfast, Newcastle, Bristol and Southampton in Summer 2016.
Music Director Stuart Stratford conducts The Orchestra of Scottish Opera.

The Devil Inside – a co-commission and co-production with Music Theatre Wales featuring music by Stuart MacRae and words by Louise Welsh. Performed in Scotland, rest of UK and Toronto, Canada.
The Marriage of Figaro – performed around Scotland in late 2016, with further shows in Liverpool in January 2017.
Photographs clockwise:

Feve! – our annual Primary Schools Tour reaches 10,000 pupils each year.
Memory Spinners – a weekly group for people living with Dementia.
The Pop-up Opera Roadshow – 20 minute operas, popping up in a specially-designed trailer, all over the country.
Connect Company Side by Side – young singers and musicians work with top opera professionals to hone their skills and technique.
The Little White Town of Never Weary – an interactive musical adventure for 5-8 year olds that toured Scotland in Summer 2016.
Connect Company – The Cabinet of Dr Caligari, staged by our youth chorus, orchestra and stage management company in April 2016.
SUBMISSION TO CULTURE, TOURISM, EUROPE AND EXTERNAL RELATIONS COMMITTEE

Question 1: Use of Scottish Government funding 2016/17

During the Financial Year 2016/17, Scottish Opera is using the available government funding combined with earned revenue to deliver the following outcomes against the National Performance Framework (please note: some figures are projected):

The year in numbers

242 performances...
...in 48 towns, cities and villages
83,818 attendances
27 of 32 Local Authorities visited
7,745 free Unwrapped tickets
13 education projects
126 primary schools
14,254 primary school participants
5,067 under 26 tickets
1 world premiere
7 emerging artists
World's 1st Dementia Friendly opera performance
During 2016/17, Scottish Opera performs across Scotland in the cities, towns and villages indicated in the map below, and visits 27 of Scotland’s 32 Local Authority areas with performances or education and outreach activities:

Productions have achieved widespread acclaim:

- The Scotsman: Rusalka
- Opera Now: The Elixir of Love
- Scottish Daily Express: The Marriage of Figaro
- The Herald: The Mikado
- The Herald: The Sunday Series
- The Guardian: The Devil Inside
Scottish Opera is committed to enhancing the cultural life of Scotland; to entertain, inspire, surprise and delight audiences across the country through presenting the highest quality opera, and to increase cultural engagement through our extensive education, outreach and participation programme.

A full list of productions, performances and education, outreach and participation activities is included at Appendix A. These outcomes serve to fulfil the Company's objectives and commitments. They contribute positively to quality of life and well-being within Scotland and to giving our young people the best start in life. However, we would also like to outline briefly here the less direct impact of our work to the performing arts and education ecologies in Scotland.

We offer opportunities for talent development from pre-schoolers to young professionals. Our Emerging Artists programme and opportunities of professional engagements at every scale of work (from classroom workshops to mainstage productions) give real employment and career development opportunities. The Company's presence brings with it the ancillary benefits of having artists and musicians resident within Scotland, many of whom contribute to the nation's cultural wealth in other ways, particularly through teaching, both privately and in formal education at schools and the Royal Conservatoire of Scotland.

Our Production Studios are in demand to create theatre sets, props, costumes, etc and, in maintaining a skilled artisan workforce, they too offer opportunities for employment and skills transference. The Studios have recently undertaken commissions from West Yorkshire Playhouse for *Chitty Chitty Bang Bang* and have just secured the contract to build the set for a new production of *Rigoletto* for the prestigious Savonlinna Opera Festival in Finland.
Question 2: Case Studies demonstrating impact and transformative effects

We have included below two contrasting case studies that demonstrate both the impact of the funds received from government, and the transformative effects of the arts.

As additional illustration of the benefits and value delivered by Scottish Opera and the wider group of National Performing Companies, we have also included as appendices:

Appendix B: A selection of feedback and testimonials from audiences and participants.

Appendix C: A paper presented to the Cabinet Secretary in Autumn 2015 by the National Performing Companies, including examples of initiatives which demonstrate the transformative and preventative impacts of the performing arts.

CASE STUDY 1: The Little White Town of Never Weary
Raising Attainment for All (Scotland, The Best Place in the World to Learn)

A new opera for Level One primary pupils (5 to 7 years) commissioned to contribute to the Year of Architecture, Innovation & Design, designed to support the government’s strategy for closing the gap in attainment levels achieved by children from different social backgrounds.

Its central theme was the significance of the built environment in Scottish communities. The children were encouraged to contribute to aspects of the stage set in order to illustrate the importance of creating public buildings and amenities that are responsive to the needs of the people who live there. Supporting classroom resources, linked to the Literacy & Numeracy strand of the Raising Attainment strategy, contributed to positive outcomes including:

1. **Communities that are engaged in supporting opportunities for learning and development of their children & young people:** communities in Glenrothes, Kirkcudbright, Musselburgh and Falkirk participated (958 children, 21 performances).

2. **Positive physical, mental, cognitive health and emotional development for all children & young people:** these ‘town planners’ were inspired to ‘plan’ their ideal community - referencing their experiences (through workshop and performance) of play (green space), learning & leisure, culture & heritage as well as economic and social factors in their own town or village.

CASE STUDY 2: The Memory Spinners and Dementia Friendly Performance
Leading the Way to Become Scotland’s first Dementia Friendly National Company

Scottish Opera’s Dementia Friendly strand of work has been informed by the Scottish Government’s National Dementia Strategy and the identification therein of the need to redesign local dementia care systems.

**The Memory Spinners** was established in 2010 and currently runs in Glasgow and Edinburgh. Groups of around 35 people living with dementia (those with the diagnosis and those who care and support them) come together to explore the music and story of an opera over a number of weeks, and present a performance of the work they’ve created to audiences of family and friends.

The resultant rise in the quality of their lives (and that of their families) is significant. We are currently embarking upon a programme of research and evaluation with the University of Edinburgh designed to demonstrate the benefits to health and wellbeing of
those with whom we engage and, by extension, the wider benefits to the healthcare and other public amenities that provide vital support for this ever increasing minority group within our society.

**Dementia Friendly (DF) Performances** In November 2016, Scottish Opera developed and presented the world’s first fully-stage Dementia Friendly opera. Feedback on this ‘pilot’ has been overwhelmingly positive and the company has scheduled further DF performances in both Glasgow & Edinburgh.

**Future Plans** We plan to extend the influence and reach of Scottish Opera’s work in this field across Scotland with the development of a set of online audio visual resources to be used by activity coordinators in residential and/or day care centres. These resources are designed to stimulate creative activity, generate social interaction and facilitate team working. A limited programme of Continuing Professional Development delivered by our artists for local authority employees has been funded by the Esme Fairbairn Trust but, funding permitting, has the potential to be rolled out across all of Scotland’s 32 local authority areas.

Secondly, we will deliver an intergenerational programme for pre-school, Primary 3 pupils and residents of sheltered housing and/or residential facilities in three communities (Scottish Borders, Renfrewshire and East Ayrshire) to create a model of best practice that focuses on learning exchange between the generations. Growing capacity for children in terms of their language, numeracy and literacy skills through interaction with the older generation, as well as enhancing their understanding of dementia, will contribute significantly to their academic and social development. Of equal importance is the celebration of the abilities of people living with dementia, through offering an opportunity for them to feel valued as they make a contribution to the children’s education.

Recognition that the diversity and flexibility of our art form is one of Scottish Opera’s most powerful assets is now well established across the many and diverse partners with whom we work. Through our engagement with the wider community, we can demonstrate our ‘net worth’ to the Scottish people; from the artistic integrity of our productions to the ground-breaking work in schools and communities in the form of the many thousands of people whose cultural experiences with us add depth and colour to the quality of their lives.
Question 3: Comments on the allocation of funds 2016/17

The funds allocated to Scottish Opera for 2016/17 by the Scottish Government were reduced by 3% against the 2015/16 grant in aid. Since 2011/12, cuts to Scottish Opera’s funding grant have totaled nearly 10% (over £2.8m in cash terms). This has been exacerbated by the eradication of Local Authority funding over this period, often with little or no notice.

Through significant reform of our operating model since 2006, increased efficiencies, national and international partnerships (for both co-productions and touring) and a generally ‘frugal’ approach, we have been able to absorb these cuts and sustain our artistic programme across Scotland.

Although we understand the circumstances necessitating the recent single year budget announcements, we have found this situation challenging because of the extended forward planning model of opera companies. Artist availability often requires us to forward contract 3 or 4 years ahead to ensure that the very best Scottish, UK and international singers, conductors and other creative personnel are available for our productions. In addition, co-productions, tours and venues all require forward commitment well beyond the next financial year.

We have also noted that both the Theatre Royal Glasgow and the Edinburgh Festival Theatre now book touring shows much further ahead, with the consequence that we now have to try and commit up to 3 years ahead in response to their increasingly long lead times to enable us to secure the weeks required for our performances.

Question 4. Concerns about allocation of funds for 2017/18

Following the draft Budget Statement on the 15th December 2016, we are grateful that the Scottish Government proposes to maintain its support of Scottish Opera with the announcement of stand-still funding for 2017/18. We remain committed to bringing world class opera performances to Scottish audiences, continuing to increase cultural engagement through education, outreach and participation opportunities and to maximising the impact we make across the nation.

As noted in Question 3, the company has worked hard to be able to absorb previous cuts which means that we believe we can continue to offer the diverse programme of activity planned for the 2017/18 season. However, looking further to the future, the challenges noted above will continue to weigh upon us. As the Committee will be aware, there are considerable forces required to make an opera and, having had our income cut significantly over recent years and with inflation trending upwards, any future reduction in funding would seriously affect our ability to maintain our current levels of activity.
APPENDIX B: What our audiences say

BabyO – for babies aged 6 – 18 months and their carers

“As soon as the music came on she zoned into the middle of the room and that was it. I listen to classical music anyway, so I’ve always liked the idea of it. I thought she would be more restless but she absolutely loved it.” Parent of 5 month-old baby

Primary Schools Tour

“Melissa had an absolute fantastic time learning the songs and dancing to the production Fever, so much so that she actually had a cry this evening in knowing that it was all over. This is such a magnificent opportunity that you are offering kids, truly inspiring.” Parent of Primary Schools Tour participant

“The children loved it and learned so much. One of the major successes was in the enthusiastic participation of some children with special needs who are often reluctant to take part in any activity outside their normal routine.” Teacher, Primary Schools Tour

Connect – for 14 to 21 year olds with a passion for performance

“Connect is a fantastic opportunity for young musicians. It gives you the chance to work with other young people as well as opera professionals.” Connect student

“Connect Chorus brings together young people from all over Scotland who all share a common passion – singing. And it’s this passion that makes Connect such a rewarding experience. It’s so fulfilling to be part of a project where you share the same drive as others.” Connect student

Community Choir – for anyone who loves to sing

“We get top coaching from the Scottish Opera professionals. It’s great training, great fun – I love it!” Community Choir participant

“I look forward to every Wednesday evening. It’s one of the highlights of the week.” Community Choir participant

Emerging Artists – developing young talent

“I am delighted to support Emerging Artists. In all fields of the arts it is crucial to nurture new talent, and it’s a tough world out there for people who are at or near the start of their creative lives. I know because I’ve been there.” Ian Rankin, writer and Emerging Artist Benefactor

“This Emerging Artist position is truly shaping my creative development in the best way imaginable. Under no other circumstances could I have the support and guidance to allow me to develop so much as a composer, while also remaining engaged in a highly stimulating opera environment.” Lliam Paterson, Composer in Residence 2015/16
Unwrapped – free hour-long introductions to opera with full orchestra

“What an experience! We honestly can't believe how well put together this was - very informative, the music & performances were just a joy, and the enthusiasm of the Assistant Directors and everyone else involved was infectious!” Audience Member, Unwrapped

“Thank you so much - you have opened up a new, and rather magnificent, new world for us!” Audience Member, Ines de Castro Unwrapped 2015

Mainstage Productions – in Glasgow, Edinburgh, Aberdeen and Inverness

“The performance at Inverness last night was superb, I came home and looked to see if there were tickets left to see it again. The whole performance - singing, acting, music, sets- was perfect. Thank you for an unforgettable experience.” Audience member, The Marriage of Figaro

“To all at Scottish Opera – BRAVO! That was a wonderful, lovely energetic performance this evening – what a joy! Thank everyone for a marvellous memorable and enjoyable performance!” Audience member, The Marriage of Figaro

“I just could not fault this performance – if there had been another performance after last Saturday I would have gone to see it again. Congratulations to all involved. Scottish Opera should be rightly proud of a really great performance and certainly the very best I have seen of Rusalka.” Audience member, Rusalka

New Commissions – The Devil Inside

“Loved The Devil Inside. First time seeing Scottish Opera in action and definitely not the last.” Audience member, The Devil Inside 2016

“Put out the flags, because it’s not often one can hail a new opera that integrates a musically taut score into a theatrically effective narrative. An even rarer cause for rejoicing is a new opera during which one can close one’s eyes and still hear the text and feel the drama.” The Daily Telegraph, The Devil Inside 2016

Small Scale Touring – taking staged opera the length and breadth of Scotland:

“My first time at a Scottish Opera night and so enjoyed it. I feel I will now go to another opera performance, given my experience.” Audience member, The Elixir of Love 2016

“Bravo! Brilliant! Such an enjoyable performance and the quality of the production was superb. I can’t help but feel extremely grateful that the Scottish Opera is able to bring this quality of production to the extreme reaches of our country.” Audience member, The Elixir of Love 2016

Opera Highlights – visiting smaller and more remote venues across the country:

“I have just attended a performance of Opera Highlights at the Pavilion, Strathpeffer. It was to me among one of the best evening entertainments I have attended!” Audience Member, Opera Highlights 2016

“Thank you so much for touring these and giving us aficionados a golden opportunity to see and hear opera at its finest in our local community - you are all to be applauded.” Audience Member, Opera Highlights 2016

The Orchestra of Scottish Opera

APPENDIX C: Think Piece for Culture and Heritage Seminar by National Performing Companies (2015)

Models of Best Practice in Community and Outreach

National Performing Companies place education and participation at the heart of our core activity, and share a belief that access and participation in the performing arts greatly improves the health and well being of individuals and promotes a more vibrant and cohesive society.

We all have initiatives that seek to remove barriers, both real and perceived, that prevent engagement, whether that’s offering free tickets to first time theatre goers, providing signed and audio described performances, or offering “relaxed performances” for those with profound additional needs. But, as well as making world-class performance accessible to all, central to our collective mission is to support and enhance the education and development of children of all ages.

Scottish Opera’s programme of new work for 0-4 year olds has toured to 393 venues and played to nearly 17,000 children, parents and carers over the last 5 years, and Scottish Chamber Orchestra’s Primary School Residency and projects such as Scottish Ballet’s Hansel and Gretel and Me, that worked with 90 primary school classes and collaborated with the National Galleries on a Visual Arts Project, all promote deeper engagement with the art form, promote confidence and self-esteem, and can lead to higher academic attainment as well as developing a new generation of audiences.

The Headteacher of Port Glasgow High School attributed the 14% increase in attainment amongst one year group to their participation in the National Theatre of Scotland’s Transform project that created large scale site specific theatre in collaboration with 20 schools across the country.

Many of our most successful and innovative projects serve people with complex needs who may not respond to traditional educational settings, and are often designed to give intensive opportunities to hard to reach young people. Scottish Ballet’s “The Close” works annually with vulnerable young people, and reports amazing transformations in the attitude and outlook of its participants. Gavin Sinclair from the Kibble Education and Care Centre, a secure unit for young offenders reported “most of our kids have not experienced live dance, been to the theatre or taken part in a workshop… if we can give even one kid the inspiration to achieve in life, then that can be huge. For them, for society, for the economy, for their kids in the future.”

Often partnering with social care or health agencies, it is frequently these specialist programmes of work that deliver unique and transformative effects on lives, releasing huge potential and giving voice to disadvantaged groups. This skill building can also reimagine futures; RSNO’s Takeover programme for 50 young people is an intensive employability programme, and one example of how we make careers within the arts real and tangible options to young people from all walks of life.

We also seek to make a crucial and measurable difference to the physical health of people in various contexts. Our commitment to lifelong learning is demonstrated in Scottish Chamber Orchestra’s ReConnect project developed in conjunction with Royal Edinburgh Hospital and the University of Edinburgh, and Scottish Opera’s Memory Spinners - both work with people living with dementia, whilst Breath Cycle was an extraordinary project developed by Scottish Opera and Gartnavel Hospital that explored how singing techniques could increase both the lung capacity and the well being of patients with cystic fibrosis. RSNO’s partnerships with the Children’s Hospice Association and the NHS use music in palliative care and in schools tackling bereavement.
As well as building partnerships with organisations across the country, we are also leveraging funds from private and public sources to design and deliver these programmes of creative engagement as other cultural organisations, health and social care agencies, education bodies and local authorities recognise how professional artists can help them deliver their objectives, often in non-conventional ways that reach participants on a visceral and emotional level.

In a wide ranging partnership approach including The Gulbenkian Foundation, Arts and Business, a yachting company, several local social enterprises, Glasgow Life and Creative Scotland, National Theatre of Scotland leveraged £800,000 of private and public funding to support a city wide project that reached out to four areas of multiple deprivation and young people from across Scotland and the rest of the world.

Scottish Ballet’s Big Dance Pledge was delivered by over 65,000 community dancers in 24 nations and such collaborative models for making large-scale participatory work are seen internationally as at the forefront of this practice.

The reach of our work across the country is already considerable, both physically and remotely. There have been innovative programmes with huge reach such as RSNO’s Astar CD given to 160,000 children born in Scotland over the last three years and aimed at enhancing their brain development, and there are considerable opportunities in the future for extending engagement via digital platforms.

But live participation events will always have the deepest impact and, in 2014-15, the National Performing Companies delivered 3,114 education and participation events for 194,000 people. The reality is that many of the most powerful programmes are those working with small groups over a sustained period to unlock the creative potential of individuals who have perhaps never even been into a theatre of concert hall. Creating an environment in which their stories and experiences are valued, and giving them the skills to express their frustrations and hopes and to actually be heard, creates extraordinary moments of transformation.

In a 2010 report, Director of Research and Policy at Glasgow Life Mark O’Neill wrote: “There is a growing body of scientific evidence that shows that taking an active part in creative activities like visual art, music making or writing...have a measurable impact on physical or mental well-being”

We have the privilege of seeing at first hand how individual participation creates community cohesion, closes the generational gap, creates pathways to employment, includes the marginalised without making issue of their circumstances, engenders confidence and aspiration and turns challenges in to opportunities. We have become recognised as world leaders in this field of work and, with sustained investment and support, we can continue to amplify its reach. Whilst many of the results are measurable, the most profound moments happen between people sharing an experience, discovering a talent or expressing their truth. They are harder to quantify, but in a fairer Scotland we seek to make that available to as many people as possible across the country.

Laurie Samson
Artistic Director and Chief Executive
National Theatre of Scotland
(on behalf of the National Performing Companies)
25/8/2015
<table>
<thead>
<tr>
<th>Activity</th>
<th>Further Information</th>
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<tbody>
<tr>
<td><strong>Main Scale Opera</strong></td>
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<tr>
<td>Rusalka (Dvorak)</td>
<td>Production originated from Grange Park Opera</td>
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<tr>
<td>The Mikado (Gilbert &amp; Sullivan)</td>
<td>Co-production with D'Oyly Carte Opera Company</td>
<td>Glasgow, Edinburgh, Aberdeen, Inverness, Belfast, Newcastle, Bristol, Southampton</td>
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<tr>
<td>The Marriage of Figaro (Mozart)</td>
<td></td>
<td>Glasgow, Edinburgh, Aberdeen, Inverness, Liverpool</td>
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<tr>
<td>Pelleas &amp; Mellisande (Debussy)</td>
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<td>Glasgow, Edinburgh</td>
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<tr>
<td>Bluebeard's Castle (Bartok) &amp; The 8th Door (Paterson)</td>
<td>Co-production with Vanishing Point</td>
<td>Glasgow, Edinburgh</td>
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<tr>
<td>The Trial (Glass)</td>
<td>Co-production with Music Theatre Wales, The Royal Opera and Theater Magdeburg</td>
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<tr>
<td><strong>Touring Opera</strong></td>
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<tr>
<td>The Elixir of Love (Donizetti)</td>
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<td>Motherwell, Stirling, Elgin, Ullapool, Stornoway, Thurso, Drumnadrochit, Ellon, Langholm, Newton Stewart, Kilmarnock, Greenock, Oban, St Andrews, Perth, Galashiels, Musselburgh</td>
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<tr>
<td>Opera Highlights</td>
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<td>Easterhouse, Maybole, Dumfries, Banchory, Gairloch, Nairn, Durness, Ardross, Fraserburgh, Lanark, Strathmiglo, Brodick, Killin, Bathgate, Strontian</td>
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<td>Sunday Series – Concert (Wagner)</td>
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<td>Sunday Series – L’amico Fritz (Mascagni)</td>
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<td>Sunday Series – L’enfant prodigue (Debussy)</td>
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<td>Concert, Ayr Concert Series</td>
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<tr>
<th>Unwrapped performances</th>
<th>Free hour-long introductions to opera</th>
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<tr>
<td>Rusalka</td>
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<td>The Mikado</td>
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<td>Bluebeard’s Castle &amp; The 8th Door</td>
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PROGRAMME OF EDUCATION AND OUTREACH ACTIVITY 2016/17

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<tr>
<th>Description of Activity</th>
<th>Further information</th>
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<tr>
<td>Primary Schools Tour: Fever!</td>
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<td>East Ayrshire, Edinburgh, North Ayrshire, Argyll &amp; Bute, Highland, Moray, South Lanarkshire, Fife, North Lanarkshire, Shetland Islands, Perth &amp; Kinross, Dumfries &amp; Galloway, East Lothian, Falkirk, Scottish Borders</td>
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<td>Primary Schools Tour: A Tale o’ Tam o’ Shanter</td>
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<td>East Renfrewshire, Glasgow, East Lothian, Edinburgh, Inverclyde, West Lothian, South Lanarkshire, East Ayrshire, Argyll &amp; Bute, Perth &amp; Kinross, North Lanarkshire, Fife, Angus, Moray, Falkirk, Aberdeen, Aberdeenshire, Scottish Borders, Dumfries &amp; Galloway, East Dunbartonshire, Clackmannanshire, Highland, Stirling, South Ayrshire, Dundee</td>
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<td>Event</td>
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<td>Primary Schools Tour: Warriors! The Emperor’s Incredible Army</td>
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<td>Community Choir</td>
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<td>Connect Company: Chorus, Orchestra and Stage Management</td>
<td>Scottish Opera’s Youth Company: Workshops and performances</td>
<td>Glasgow, Aberdeen</td>
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<tr>
<td>The Memory Spinners</td>
<td>Groups for people living with dementia</td>
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<tr>
<td>Dementia Friendly Performance of The Marriage of Figaro</td>
<td>World’s first dementia friendly opera production, in partnership with Edinburgh Festival Theatre</td>
<td>Edinburgh</td>
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<tr>
<td>Children’s Unwrapped Performances</td>
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<td>Glasgow, Edinburgh, Aberdeen, Inverness, Newcastle</td>
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<tr>
<td>Pop Up Opera Roadshow</td>
<td>20 minute operas for all in ‘pop-up’ trailer</td>
<td>Dumfries &amp; Galloway Arts Festival, Perth Festival of the Arts, Argyll &amp; Bute Council, Loch Lomond Shores, Borders Book Festival, Highland Council, Museum of Scottish Lighthouses (Fraserburgh), Aboyne &amp; Deeside Festival, Clydebank Town Hall, Haddington Show (East Lothian)</td>
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<tr>
<td>Encouraging New Opera (Scottish Opera &amp; Aberdeen University)</td>
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<td>Aberdeen</td>
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<tr>
<td>Emerging Artists Recitals</td>
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<tr>
<td>Little White Town of Never Weary Tour</td>
<td>Part of Festival of Architecture, Innovation and Design</td>
<td>Kirkcudbright, Musselburgh, Falkirk, Aberdeen, Glenrothes</td>
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</tbody>
</table>
Dear Ms McAlpine,

Thank you for your letter of 23rd November requesting a paper from Sistema Scotland to assist the members of the Culture, Tourism, Europe and External Relations Committee in their work regarding scrutiny of the Scottish Government’s funding of Sistema Scotland.

Please find attached our paper which covers a summary of how Sistema Scotland has used government funding over the course of this financial year; case studies and other details which we consider will be of interest. In addition we have provided two supporting appendices showing a summary of the performances given by Big Noise children since April 2016 and a list of international visits and our representation at international conferences and events.

We would also like to offer an opportunity for the committee to come and see the work in action. We would be delighted to welcome the committee to visit one (or more) of our Big Noise centres, indeed we would like to offer the opportunity to host one of your committee meetings at one of our centres so that a visit may be combined with a committee meeting. Our Big Noise Raploch Youth Board are articulate ambassadors for the work which we deliver and we could arrange for them to present to the committee if that were appropriate, offering the opportunity to hear the personal stories of the young people at the heart of this work and hear the transformational journey they have been through.

We are extremely grateful for the investment made by the Scottish Government in the work of Sistema Scotland and in the young people who benefit from this intensive, immersive and long-term programme designed to bring about permanent change in some of our most deprived communities.

With kind regards,

Yours sincerely,

Nicola Killean
Chief Executive Officer

Attachments:
Sistema Scotland Report for CTEEA – December 2016
Appendix A – Summary of performances given since April 2016
Appendix B – List of international visits/conferences/events undertaken by Sistema Scotland
Preface:

We are extremely grateful to the Culture, Tourism, Europe and External Relations Committee for inviting Sistema Scotland to submit evidence in relation to the Committee’s scrutiny of the Scottish Government’s draft budget 2017/18. The investment Sistema Scotland receives from the Scottish Government is vital in supporting our long-term, transformational work. It is important to note that, reflecting the broad range of outcomes we achieve with the children and young people, the Scottish Government investment comprises contributions from five Directorate portfolio areas (Learning; Culture, Tourism and Major Events; Social Justice and Regeneration; Health and Social Care; and Children and Families). As requested, the following report relates to the period 1 April 2016 to 31 March 2017 and looks ahead to the 2017/18 financial year.

Background:

Sistema Scotland’s aim is to bring permanent transformation to the lives of some of the most disadvantaged children and their communities in Scotland. We seek to address long-entrenched and complex social challenges including poor academic attainment, low levels of aspiration and lack of community cohesion. The tool for this social change is our Big Noise orchestra programmes which are devised to give the children an invaluable range of life skills and experiences. Through their membership of the programme the children develop confidence, teamwork, resilience, pride and aspiration as well as the capacity to work hard, supporting them to reach their potential and lead successful and fulfilled lives. We work intensively with the children and young people and inclusively with families and the broader community to achieve permanent social change. This is a long-term intervention supporting the children to work together for a common goal and the pursuit of excellence in music through a seamless pathway of involvement from birth to adulthood.

All in the eligible age groups are welcome – there is no payment required by participants and no audition or entry requirements. Scottish Government investment makes an essential contribution to all of the integral parts of the programmes, supporting the provision of tuition, instruments, healthy snacks, trips and performances. Big Noise programmes are embedded into the communities where they operate with delivery taking place in curriculum time within the schools and nurseries, through after-school and holiday programmes. The children work each day with our team of talented and inspirational musicians, forming trusting relationships that are an integral element of the programme, and are supported to develop into resilient adults who will contribute positively to their community and broader society.
Each Big Noise centre has had a different genesis. The first Big Noise centre was established in Raploch, Stirling in 2008 in recognition of the persistent social challenges of the community which have existed for generations, to break the cycle and help improve outcomes for children. Sistema Scotland worked in partnership with Stirling Council to develop an effective programme embedded in the Raploch Community Campus and integrated into the three primary schools and nursery. Govanhill Housing Association campaigned to bring a Big Noise centre to Govanhill to help address the challenges of the exceptionally diverse ethnic and cultural communities which live in close proximity and improve the educational and social outcomes of the children. Big Noise Govanhill began working in the four local primary schools and local nurseries in 2013. Aberdeen City Council approached Sistema Scotland to establish a Big Noise centre in Torry and work with the children began in 2015. Sistema Scotland is committed to partnership working and in each centre regular meetings of both an operational group and a strategy group ensure that the local authority, schools and other partners such as community services, health representatives, social workers can collaborate to maximise the impact and effectiveness of each programme.

**Summary of the programme reach in 2016/17:**

Scottish Government support in 2016/17 has enabled Sistema Scotland to consolidate and develop the delivery of the Big Noise programmes in Raploch, Stirling; Govanhill, Glasgow and Torry, Aberdeen. Across the three centres we are working with around 2,000 children at five Nurseries, eight Primary Schools and, in Stirling, secondary aged children from the two High schools and all who attend Castleview School for children with special educational needs. Prior to the Scottish Government’s first investment in 2012 we worked with around 385 children.

Part of the ethos of the programmes is about working with children and young people at scale within their local community in order to bring about generational social change. The figures tell a compelling story – in Raploch we work every week with around 470 children and young people, in Govanhill it is around 1,000 and in Torry (in just its second full year of operation) it is already over 500. The after-school programme (which is available to the children from Primary 3 upwards and at which attendance is entirely voluntary) attracts over 50% of the eligible children in Torry and over 40% in Raploch. While the percentage in Govanhill is lower at around 20%, this still equates to participation of 200 children each week, and feedback from partners suggests this is a considerable achievement in this extremely diverse and densely populated community and we are seeking to build upon this.

We also continually strive to engage and retain the hardest to reach and most vulnerable children and young people, in the knowledge that they will benefit significantly from long-term involvement in the programme. The report *Evaluating Sistema Scotland – Initial Findings Report* published by Glasgow Centre for Population Health (please see below for further details) identified the different circumstances of each of the communities where Big Noise centres operate:

- 11% of Big Noise Raploch attendees were 'looked after' by the local authority (compared with 1.4% of all Scottish pupils). 52% were on a staged intervention (comparator not available) and 41% were eligible for free school meals (compared with 19% across Scotland).
- In Govanhill, 68% of Big Noise attendees identified as any ethnicity other than 'White Scottish’ or ‘White British’ (compared with 15% for all Scottish pupils) and for 61% of participants English was not the main language spoken in the child’s household (6% for all Scottish pupils).
36% of Big Noise Raploch attendees and 39% of Big Noise Govanhill attendees had additional support needs compared with 20% for all Scottish pupils.

The Big Noise model and the range of what is being delivered through the core programme:

Sistema Scotland introduces the Big Noise programme into each community starting with the youngest children retaining their involvement and, year on year, introducing the next generation into the programme. Big Noise Raploch now delivers the full model from birth to adulthood with the oldest children aged 17; in Govanhill the programme includes all strands from birth to age 11; and this year Big Noise Torry will extend its programme to range from birth to age 9.

Scottish Government support is therefore enabling a typical child to progress through:
- weekly Baby Noise drop in sessions for babies and toddlers with their parent/carer (from birth to nursery age);
- weekly Nursery sessions;
- twice weekly sessions in curriculum time for all Primary 1 and 2 children; and
- the voluntary after-school programme three or four afternoons (initially two afternoons for the youngest children) each week, open to all children in the community from Primary 3 upwards and throughout secondary school.

In Raploch we also deliver sessions for all children in Castleview School for children with additional support needs.

In addition to the above, Scottish Government support has enabled us to deliver school holiday clubs at all three centres four days per week for up to eight weeks over the year, providing some of the most vulnerable children with structure, stimulation, a safe environment, and a hot meal.

In Raploch and Govanhill we deliver parent orchestras and choirs to ensure a seamless pathway from birth to adulthood and enable further engagement with the communities where we work.

Strategic priorities 2016/17:

Each centre focuses on specific annual priorities according to their stage of development and the areas where development opportunities have been identified.

In particular, we are working with the schools to consolidate, enhance and document how our curriculum supports the Attainment Challenge. Independent Evaluation has highlighted that Big Noise sessions provide a broad educational experience, contributing to literacy, numeracy and health and wellbeing objectives. For example, the early years sessions make progressive use of familiar songs and games to aid early language development, movement to enhance physical co-ordination, listening to build concentration and memory, and simple percussion instruments to develop gross and fine motor skills.

During the current year, Scottish Government investment has enabled Big Noise Raploch to develop the Youth Board, a Student Teacher programme and explore opportunities to support older young people in Raploch transition to further education and/or employment and provide accreditation for their involvement with Big Noise.
addition, we are focusing on engaging further with the wider Stirling community. For one week of the Easter school and summer school, young musicians from Stirling and Clackmannanshire were invited to participate alongside the Big Noise Raploch children. This successful initiative saw 60 additional children join the Raploch children and garnered much positive feedback from the children new to Big Noise and their parents and benefited both musically and socially all who participated. This strand of work furthers the role of music as a tool for integration, connecting children from Raploch with those across their authority.

**Big Noise Govanhill** has introduced woodwind, brass and percussion instruments into their hitherto strings only programme so that the full symphony orchestra model may be developed. A team of specialist woodwind, brass and percussion teachers has been appointed and inducted and are working with children from all four primary schools to inspire them and encourage them to join the after-school programme. The extension of the programme to encompass this broader range of instruments helps us to reach children who have not previously engaged. Big Noise Govanhill continues to have a strong focus on community integration and, in addition to the regular strands, includes tailored support for more vulnerable children such as those from the Roma community, to engage with the programme.

At both Raploch and Govanhill, the large numbers of children participating and the variety of ensembles of different stages of proficiency mean that delivery is now made across two sites which adds an extra level of complexity to staffing and time-budgeting.

In **Big Noise Torry**, this summer we welcomed the second intake to the after-school programme so that we now have Primary 3s and 4s attending, and the forthcoming Christmas concert will see both year groups perform separately and together for the first time.

This year residential courses for children at Raploch and Govanhill have been offered further building confidence and providing an opportunity for the children to rehearse and play together, bonding with friends across their respective communities. We are now planning to offer a combined residential course for children from both centres.

**Performance and engaging with the wider community:**

Performance is an integral part of the Big Noise programme delivery as it provides focus, helps children to develop their confidence, engages with the wider community, engenders pride in their parents and encourages continued engagement and commitment. A summary of performances since April 2016 is provided as Appendix A and includes performances at local care homes; inspirational collaborations with the BBC Scottish Symphony Orchestra in Glasgow and Stirling; the opening of the Scottish Parliament; and, for the Big Noise Raploch Symphony Orchestra, at the invitation of the William Walton Foundation, a two concert tour to perform at La Mortella on this island of Ischia and in the Basilica San Pancrazio in Rome. (Please note that the Scottish Government grant was not applied towards any element of this tour; its inclusion here is to emphasise the international recognition provided for Big Noise Raploch and the additional range of benefits which accrue to the children as a result of the investments made towards their regular Big Noise activities.)
Musical successes:

Sistema Scotland encourages the young people to aspire to participate in music making activities outwith the Big Noise family. Following Big Noise children’s involvement in previous years, we have just heard that 16 young people have successfully auditioned for participation in different ensembles of the National Youth Orchestras of Scotland in 2017; six at the National Youth Choir of Scotland Stirling Area Choir and three at Saturday morning sessions of the Royal Conservatoire of Scotland. That so many young people from the Raploch community are able to access these opportunities indicates the significant impact of the Big Noise programme, enabling them to take advantage of life changing opportunities. In addition, five trombonists attended the British Trombone Society event at the Royal Conservatoire of Scotland and the Big Noise Raploch Symphonic Band took part in the St Andrews Brass Festival and performed at the national finals of the Scottish Concert Band Festival where they received a Silver Plus award. Others have participated in the National Youth Brass Band of Scotland, the National Children’s Orchestra of Great Britain and the National Orchestra for All. Whilst these achievements are notable the benefits our work brings to young people and communities is far broader and impactful.

Evaluation findings and case studies:

From the outset, Sistema Scotland has been committed to ensuring objective evaluation of our work and its long term impacts, and to being a learning organisation constantly striving to improve our practice and the outcomes for the children.

Since 2013, we have been engaged in a strategic evaluation partnership with Glasgow Centre for Population Health (GCPH) to undertake a long-term (50 year), longitudinal evaluation of the outcomes delivered for participants, families and the broader community.

An Initial Findings Report was published in May 2015. Based on two years’ work led by GCPH in partnership with Education Scotland, Audit Scotland and Glasgow Caledonian University, the evaluation findings reveal that Big Noise is making a real difference. The researchers found convincing evidence of positive change to children’s lives and concluded the programme represents a good investment for society. An economic assessment of Big Noise Govanhill carried out by Glasgow Caledonian University predicted the programme would be cost neutral by the sixth year – producing benefits of higher value than costs of delivery. The research strongly endorses Sistema Scotland’s approach to delivery and predicts that Big Noise has the potential significantly to enhance participants’ lives, prospects, health and wellbeing through a variety of identified pathways in the long term. Areas highlighted include:

- Better engagement with learning and education – improved language and other skills; higher levels of confidence and pride; higher school attendance rates.
- Developing and building life skills – developing creativity, adaptability, problem-solving and decision-making skills, team working, collaboration and co-operation skills, self-discipline and control.
- Securing emotional wellbeing – a sense of security and belonging, happiness and enjoyment derived from playing and being exposed to music in a safe, positive environment.
• Building social skills and networks – unique opportunities for children and families to mix socially with others from within and outside their communities.
• Respite and protection – protection of children and young people from stress in their home environment and offering diversion from activities such as drug use and alcohol and anti-social behaviour.
• Developing as a musician – developing knowledge, skills and abilities leading to increased cultural participation and improved outcomes from education and learning and enhanced employability and employment outcomes.
• Encouraging healthy behaviours – provision of healthy snacks and encouragement of exercise have the potential to mitigate against the uptake of damaging behaviours.

The full Initial Findings Report can be accessed here and a Summary Report is available here.

The evaluators gathered several case studies including the following which have been anonymised to guard the identities of the children concerned:

Case Study 1
"[Participant’s name] can be hard to manage when he’s in my class. But the difference when [Big Noise musician’s name] came in! Because it was something he could do, you could just see in his eyes. …Being taught on the violin, he was just so proud of what he could do. That’s a child that stands out in my head for the impact there can be, on a child who’s very hard to reach, in many ways.”
(Classroom teacher, Govanhill)

Case Study 2
"One particular Big Noise participant has had a chaotic and troubled home life. Big Noise has been involved in discussions with social services for several months. All involved with the child value the role of Big Noise in the participant’s life, describing the programme as providing stability and connections within the community. The participant was identified as highly vulnerable with a defensive nature which became problematic within the orchestral group environment. Big Noise has implemented plans, in discussion with the team around the child to encourage the child’s continued participation, including:

• some additional support involving one-to-one tuition and behaviour management
• additional support to manage antagonistic situations as they arise
• a dedicated Big Noise staff member who consistently links with other services and accompanies the child in Big Noise lessons.

The child describes the staff member as trusted, and supportive relationships between the participant, the carer and Big Noise staff have strengthened as they work together to keep the participant engaged in the programme. The participant continues to attend Big Noise and is slowly building positive relationships with peers.”

Case Study 3
"I’ve got a new arrival [pupil] that came in [12 months ago], started Big Noise [after-school programme, nine months ago] and then did the summer school, and she came at the same time as her cousin. There’s nothing to suggest that her cousin would progress academically differently, nothing different in their background, came at the same time, one of them goes to Big Noise the other one doesn’t. The one that goes to Big Noise has progressed academically far quicker than her cousin, she’s
integrated back into the mainstream class, she's performing, whereas her cousin is still with her additional language teacher. So, she’s coping, she’s obviously still got development issues with her English language but she’s coping back in a mainstream class and functioning within a group, whereas her cousin isn’t and where a lot of her peers aren’t.”

(Headteacher, Govanhill)

Case Study 4

“One particular Big Noise Raploch participant is currently in secondary education and although is some years from leaving school, has been consistently encouraged by their school teacher and the Big Noise staff to pursue a university course in a field which interests them. The participant would be the first person in their immediate and extended family to attend school beyond 16 years of age, let alone engage in higher education. The participant has demonstrated a range of positive improvements from consistently taking part in the Big Noise programme: most notably the Big Noise staff describe a gradual raising of aspiration and the desire to make the most of life.

The individual has required a lot of encouragement and reassurance from the Big Noise staff and school staff that they would be able to learn at university level. These discussions about university relate immediately to the discipline and hard work required to achieve the grades at Higher level to enter the course. The participant’s progress within the Big Noise, specifically the musical skills acquired, serve to reassure the participant that they are capable of achieving well in life when they work hard.”

Following the publication in March 2016 of a paper in the International Journal of Public Mental Health “Hitting the right note for child and adolescent mental and emotional well-being?: a formative qualitative evaluation of Sistema Scotland’s Big Noise orchestral programme,”, the Glasgow Centre for Population Health will publish “Principles for effective social interventions – learning from Sistema Scotland” (Concepts Series) in December 2016. In addition, their initial report on Big Noise Torry will also be published in early 2017.

Sharing our learning with colleagues from far and wide:

Sistema Scotland continues to welcome an extensive range of visitors to observe Big Noise sessions in Scotland and also responds to international invitations to share expertise and learning elsewhere. Since April 2016 the Programme Leader for Sistema Waikato in New Zealand visited Big Noise Govanhill, and Canadian based trustees of a funding organisation observed sessions in Raploch. Big Noise Torry hosted a visit by a representative of the Khanya Music Development and Training project delivering creative arts programmes for social change in the Gugulethu and Nyanga townships of South Africa. Big Noise Raploch welcomed a three day visit by two delegates from the Regional Innovation Team of the South Korean Ministry of Culture, Sport and Tourism. The Interim Chief Executive gave a presentation at the Copenhagen Cultural Children’s Summit on Big Noise and the importance of evaluation and visits were hosted by musicians and educators from Aberdeen, Canada, USA, France and Taiwan. Our Chief Executive continues to participate in meetings of the Sistema Europe network. Nearer to home, members of the Big Noise Raploch Youth Board addressed a meeting of the Scottish Parliament’s Education and Skills Committee and several presentations and performances were given at the International Society for Music Education conference in Glasgow. A more comprehensive list of visits and our representation and presentation at international conferences and events is attached as Appendix B.
Scottish Government funding and Sistema Scotland priorities for 2017/18:

In March 2016 the Scottish Government announced funding for 2016/17 and the following three years, (subject to spending review considerations), building upon the four year investment between 2012/13 to 2015/16. Instalments of the investment are made to Sistema Scotland via Creative Scotland which manages the funds and this arrangement has worked well.

In 2017/18 Sistema Scotland will continue to deliver this vital work to current participants and the next generation in our existing three centres which are in receipt of committed Scottish Government support, and in addition we will be opening a fourth Big Noise centre in Douglas, Dundee

Throughout, Sistema Scotland is committed to transformational, generational change and in 2017/18 we will focus on the following:

Big Noise Raploch will continue to support young people as they reach school leaving age and encourage meaningful involvement with the programme and/or provide guidance to positive destinations. It will consolidate its strands for teenagers, and look to the development of co-designed celebrations with the community for its 10th anniversary in 2018. We plan to celebrate with a year-long programme of both community and high profile, world class, performances which highlight Scotland on the international stage and profile the success it has witnessed in engendering social change in our communities.

Big Noise Govanhill will continue its work, extending our reach and developing the full symphony orchestra model to engage and retain the involvement of the broadest range of children. We will also begin preparations for the children who will transition to secondary school in 2018.

Big Noise Torry will be in its third year of delivery. As the team expands the programme they will also have to manage a process of transition as Torry Academy, the building where they are based, is expected to close. The proposal is being explored for Aberdeen City Council to demolish the current building and build a new community hub. The Big Noise team will therefore work hard to retain as much stability, visibility and connection with all of the children and community as possible while it is relocated during the building works. The programme will be delivered to the highest standard throughout this period of change for the community.

The support of the Scottish Government is vital as it continues to provide Sistema Scotland with the confidence, stability and security to continue to deliver its work in these vulnerable communities, leverage partnership funding from local government and private sources and to be ambitious for a positive and dynamic future, sharing our learning nationally and internationally while we bring about positive changes and navigate continued progress through uncertain economic times. The Scottish Government funding of Sistema Scotland is an investment in some of our most deprived children, young people and communities – it represents an early intervention and preventative spend, supporting the children and young people towards a more positive future, rather than incurring the costs of support and dependency in years to come.

16.12.16
<table>
<thead>
<tr>
<th>Big Noise Centre</th>
<th>Month</th>
<th>Concert</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Govanhill</td>
<td>April</td>
<td>Performance at Larkfield Centre</td>
<td>Small performance at Govanhill-based community benefit charity</td>
</tr>
<tr>
<td>Govanhill</td>
<td>April</td>
<td>Gartmore House Residential</td>
<td>2-night trip for older children to Gartmore House with music and fun activities</td>
</tr>
<tr>
<td>Govanhill</td>
<td>April</td>
<td>Easter club sharing concert</td>
<td>Sharing session for families and friends following Easter club</td>
</tr>
<tr>
<td>Raploch</td>
<td>April</td>
<td>Big Noise Stirling-wide Easter School Concert</td>
<td>Joint concert following Easter School with Big Noise members and other young people from across Stirling</td>
</tr>
<tr>
<td>Raploch</td>
<td>April</td>
<td>Gartmore House Residential</td>
<td>Trip for Red Strings and Concert Band where they formed the Raploch Junior Symphony Orchestra</td>
</tr>
<tr>
<td>Raploch</td>
<td>April</td>
<td>Performance at Children's Classic Concert</td>
<td>Symphonic Band performed in foyer of Macrobert Centre, Stirling</td>
</tr>
<tr>
<td>Torry</td>
<td>April</td>
<td>Easter Club Concert</td>
<td>Performance following Easter holidays sessions</td>
</tr>
<tr>
<td>Govanhill</td>
<td>May</td>
<td>BBC Side by Side Concert</td>
<td>Govanhill's A orchestra played side-by-side with the BBC Scottish Symphony Orchestra at City Halls, Glasgow</td>
</tr>
<tr>
<td>Govanhill/Raploch</td>
<td>May</td>
<td>The Noise visit to Govanhill</td>
<td>Joint rehearsal between the parents' orchestras of Raploch and Govanhill</td>
</tr>
<tr>
<td>Cross-centre</td>
<td>May</td>
<td>Lunchbreak Concert (staff)</td>
<td>Cross-centre staff ensemble performing at Aberdeen Citadel as part of the Lunchbreak Concert Series</td>
</tr>
<tr>
<td>Torry</td>
<td>May</td>
<td>Walker Road Assembly performance</td>
<td>Opportunity for children involved in Big Noise to perform for their school</td>
</tr>
<tr>
<td>Govanhill</td>
<td>June</td>
<td>Performance at Govanhill Baths</td>
<td>15 children performing at showcase event for planned refurbishment of baths</td>
</tr>
<tr>
<td>Govanhill</td>
<td>June</td>
<td>Govanhill 3rd Birthday Concerts</td>
<td>Two concerts celebrating Big Noise Govanhill’s birthday and showcasing all the different orchestras</td>
</tr>
<tr>
<td>Govanhill</td>
<td>June</td>
<td>Performance at launch of Scottish Refugee Week</td>
<td>Group of children performing at Hidden Gardens, Tramway</td>
</tr>
<tr>
<td>Raploch</td>
<td>June</td>
<td>Raploch 8th Birthday Concert</td>
<td>Celebration at the Albert Halls in Stirling involving a range of ensembles</td>
</tr>
<tr>
<td>Torry</td>
<td>June</td>
<td>Torry 1st Birthday Concert</td>
<td>Performance by after school clubs to families and guests</td>
</tr>
<tr>
<td>Torry</td>
<td>June</td>
<td>Primary One Sharing</td>
<td>Informal performance for families to see what children have been learning</td>
</tr>
<tr>
<td>Torry</td>
<td>June</td>
<td>Primary Two Sharing</td>
<td>Informal performance for families to see what children have been learning</td>
</tr>
<tr>
<td>Govanhill</td>
<td>July</td>
<td>Pollokshields Playhouse performance</td>
<td>Performance as part of the Southside Film Festival</td>
</tr>
<tr>
<td>Govanhill</td>
<td>July</td>
<td>Glasgow Mela performance</td>
<td>Kelvingrove Park, part of 'Scotland's biggest free multicultural festival'</td>
</tr>
<tr>
<td>Govanhill</td>
<td>July</td>
<td>Staff performance</td>
<td>ESOL (English for Speakers of Other Languages) Café Eid celebrations</td>
</tr>
<tr>
<td>Govanhill</td>
<td>July</td>
<td>Summer Club concert</td>
<td>Performance for parents at the end of summer club</td>
</tr>
<tr>
<td>Raploch</td>
<td>July</td>
<td>Rinconada performance at the state opening of parliament</td>
<td>Part of the Big Day Out celebrations at Scottish Parliament</td>
</tr>
<tr>
<td>Location</td>
<td>Month</td>
<td>Event</td>
<td>Details</td>
</tr>
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<tr>
<td>Raploch</td>
<td>July</td>
<td>La Mortella concert - annual festival of youth music</td>
<td>Big Noise Raploch Symphony Orchestra’s tour to Italy at the invitation of the William Walton Foundation</td>
</tr>
<tr>
<td>Raploch</td>
<td>July</td>
<td>Concert in Basilica San Pancrazio in Rome</td>
<td>Big Noise Raploch Symphony Orchestra’s tour to Italy at the invitation of the William Walton Foundation</td>
</tr>
<tr>
<td>Raploch/Govanhill</td>
<td>July</td>
<td>Summer club sharing day concert</td>
<td>Children from Govanhill travelled to Raploch to rehearse and perform a small concert</td>
</tr>
<tr>
<td>Raploch</td>
<td>July</td>
<td>Summer club concert</td>
<td>Performance for parents at the end of summer club</td>
</tr>
<tr>
<td>Raploch</td>
<td>July</td>
<td>ISME conference performance</td>
<td>Symphony Orchestra performed at International Society for Musical Education conference in Glasgow</td>
</tr>
<tr>
<td>Torry</td>
<td>July</td>
<td>Summer club concert</td>
<td>Performance for parents at the end of summer club</td>
</tr>
<tr>
<td>Govanhill</td>
<td>September</td>
<td>Children’s Panel civic reception performance</td>
<td>A Orchestra performed at Glasgow City Chambers</td>
</tr>
<tr>
<td>Raploch</td>
<td>September</td>
<td>PHINS seminar performance</td>
<td>Ensemble performed at Glasgow Concert Hall for Public Health Information Network for Scotland annual seminar</td>
</tr>
<tr>
<td>Govanhill</td>
<td>October</td>
<td>Govanhill Housing Association Tenants Conference</td>
<td>C Orchestra performance</td>
</tr>
<tr>
<td>Govanhill</td>
<td>October</td>
<td>October club performance</td>
<td>Concert for parents at the end of October club</td>
</tr>
<tr>
<td>Govanhill</td>
<td>October</td>
<td>Primary Two Sharing</td>
<td>Informal performance for families to see what children have been learning</td>
</tr>
<tr>
<td>Raploch</td>
<td>October</td>
<td>October club performance</td>
<td>Concert for parents at the end of October club</td>
</tr>
<tr>
<td>Raploch</td>
<td>October</td>
<td>Side by Side concert with Villeneuve-d’Ascq orchestra</td>
<td>With Symphonic Band - part of visit from orchestra from Stirling’s twin town in France</td>
</tr>
<tr>
<td>Torry</td>
<td>October</td>
<td>October club performance</td>
<td>Concert for parents at the end of October club</td>
</tr>
<tr>
<td>Torry</td>
<td>October</td>
<td>Staff performance</td>
<td>Performance at care home</td>
</tr>
<tr>
<td>Govanhill</td>
<td>November</td>
<td>Luminous birds performance</td>
<td>Kathy Hinde’s Luminous Birds art installation at Govanhill Baths</td>
</tr>
<tr>
<td>Raploch</td>
<td>November</td>
<td>Scottish Parliament performance</td>
<td>Red Orchestra performed at Garden Lobby reception at Scottish Parliament to mark announcement of Stirling’s City Deal</td>
</tr>
<tr>
<td>Raploch</td>
<td>November</td>
<td>Care home performance</td>
<td>Red Orchestra visit to Forthbank Care Home</td>
</tr>
<tr>
<td>Torry</td>
<td>November</td>
<td>Performance for Van Kujik Quartet</td>
<td>Tullos P4 children performing at Tullos Primary</td>
</tr>
<tr>
<td>Govanhill</td>
<td>December</td>
<td>Govanhill Christmas Concerts</td>
<td>Two Christmas concerts showcasing music from all groups for parents, friends and guests</td>
</tr>
<tr>
<td>Raploch</td>
<td>December</td>
<td>The Noise sharing</td>
<td>Sharing performance for the Raploch’s adult orchestra</td>
</tr>
<tr>
<td>Raploch</td>
<td>December</td>
<td>The Noise Choir visiting Forthbank Care Home</td>
<td>Raploch adult choir performing at care home</td>
</tr>
<tr>
<td>Raploch</td>
<td>December</td>
<td>Raploch Christmas concert</td>
<td>Christmas concert showcasing various ensembles for families and guests</td>
</tr>
<tr>
<td>Torry</td>
<td>December</td>
<td>Torry Christmas concert</td>
<td>Two Christmas concerts showcasing music for parents, friends and guests</td>
</tr>
<tr>
<td>Torry</td>
<td>December</td>
<td>Local Christmas concert</td>
<td>P4 performance at local children’s Christmas concert</td>
</tr>
</tbody>
</table>
APPENDIX B

International Presence

Since the programme launched in Raploch, Stirling there has been consistent interest from organisations and individuals across the world. Of significant note are the following visits to Sistema Scotland, and our representation and presentation at the following international conferences and events:

Ongoing
Our Chief Executive participates in meetings of the Sistema Europe network.

October 2016
Three day visit to Big Noise Raploch by two delegates from the Regional Innovation Team of the South Korean Ministry of Culture, Sport and Tourism.

Presentation by Sistema Scotland Interim Chief Executive on Big Noise and the importance of evaluation at the Copenhagen Cultural Children’s Summit before an international audience.

August 2016
Two members of the Big Noise Raploch Youth Board addressed a meeting of the Scottish Parliament’s Education and Skills Committee held in Raploch Community Campus, outlining their beneficial experience of participating in Big Noise.

Visit by two senior representatives of the Massachusetts Cultural Council to discuss Big Noise engagement in an international conference in 2020.

July 2016
Participation in the International Society for Music Education conference – performance by Big Noise Raploch, pedagogy presentation involving Raploch and Govanhill children, and evaluation presentation

Visit to Big Noise Raploch by the Canadian conductor and educator, Jonathan Govias, and a group of four students from the University of North Carolina.

Visit to Big Noise Raploch and Big Noise Govanhill by Julie Davis, violinist and music director from Boston, MA, Anna Hess, violinist and music teacher from Lexington KY, Justine Sion-Henry, flute teacher and PhD student from France, and Cheng Chia Shih, music student, from Taiwan.

June 2016
Visit to Big Noise Raploch by peripatetic teachers from Aberdeen Instrumental Music Service.

Visit to Big Noise Torry by a representative of the Khanya Music Development and Training programme in the Gugulethu and Nyanga townships of South Africa.

May 2016
Visit to Big Noise Raploch by the Lord High Commissioner to the Church of Scotland and his party as part of an annual week-long programme of events.
Observation visit to Big Noise Raploch by two Canadian based trustees of an international funding organisation.

**April 2016**
Observation visit to Big Noise Govanhill by the Programme Leader for Sistema Waikato in New Zealand.

Visit by National Officer of BBC Children in Need Wales (which provides funding to a small-scale programme in Wales) to discuss best practice and lessons learned over the history of Big Noise Raploch.

**November 2015**
Visit by the Director of the Centre for Arts and Culture at NLI Research Institute, Tokyo to discuss plans for the Cultural Olympiad Tokyo 2020, learning from our experience in 2012.

**October 2015**
Visit by Director of Music to Paris and Bordeaux, France at the invitation of two emergent Sistema based programmes to offer advice and present on Sistema Scotland’s curriculum and pedagogy to local musicians, educators and politicians.

Evaluation webinar held to present initial findings from Glasgow Centre for Population Health evaluation, specifically targeted at international audience and attracting around 120 live viewers from around 15 countries.

**September 2015**
Visit to Big Noise Raploch by the Scottish Government Director-General of Communities.

**June 2015**
Eight children from Big Noise Raploch travelled to Gothenburg, Sweden for a Side by Side Youth Music Camp delivered by El Sistema Sweden.

Visit by Fiona Douglas, Programme Director of Sistema Whangerei in New Zealand, to Big Noise Raploch and Big Noise Govanhill as part of a Churchill Fellowship tour of Sistema programmes.

**May 2015**
Visit by Professor Jeffrey Sharkey, Principal of the Royal Conservatoire of Scotland, to Big Noise Govanhill.

**October 2014**
International Sistema Teachers' Conference 27-30 October 2014, Stirling
Hosted a four-day residential conference for Sistema teachers and music educators, attracting over 170 delegates from 28 countries.

**May/June 2014**
Two-week long visit to Sistema Scotland by the Executive Director of Kidznotes (a Sistema programme based in North Carolina, USA) as part of a Duke in Durham sponsored leadership programme.

**April 2014**
Visit by Sistema Scotland Director of Music and four musicians to Orchkids, Baltimore, USA as part of teacher exchange arrangement

**March 2014**
Visit by Sistema Scotland Director of Music and two Team Leaders to El Sistema Sweden to
share practice and offer advice

October 2013
Hosted meeting and visit by senior officials from UK Government, Scottish Government, Northern Ireland and Welsh Assembly

September 2013
Study visit by co-ordinator of Sistema Western Gothenburg

June 2013
Study visit by five teachers from Orchkids, Baltimore, USA

May 2013
Study visit from representatives from Arts Council England

Visit from representatives of Sistema Södertälje and local community groups

April 2013
Gothenburg, Sweden. One of keynote presentations, breakout sessions and panel representatives at 4 day sistema conference.

Study visit from one of the leaders of Sistema Aotearoa (NZ)

February 2013
Visit by senior officials from NHS Scotland and Audit Scotland.

Study visit from representatives from representatives from Arts Council Wales, Royal Welsh College of Music and Drama, Head of Arts Branch, Welsh Government

Study visit from In Harmony The Sage Gateshead, England

November 2012
Presentation by Chairman and Chief Executive of Sistema Scotland at the Scottish Leaders' Forum.

October 2012
Seoul, Korea. Presentations and training delivered for administration and some musicians working across sistema programmes in South Korea

September 2012
Closing keynote for British Institute of Psychology Conference, England

Study visit to Raploch by programme leaders of Sistema Aotearoa (NZ)

June 2012
Hosting symposium session in Raploch, Stirling during the SBO residency. Delegates from organisations from New Zealand, Japan, USA, Sweden, England, Ireland, Wales, South Korea, Norway.

May 2012
Study visit from Anna Rice, The Barbican, England

March 2012
Study Visit from Marco De Souza, Leerorkestra, the Netherlands
December 2011
Study visit from Carmen Hiti – interested in developing sistema in Croatia

October 2011
4 week study visit by one of the “Abreu Fellows” Ben Fuller, USA

September 2011
Visit from MP Mary Porter, Australia

July 2011
New Zealand: Two Big Noise Raploch musicians hosted by Sistema Aotearoa to support training of new teachers

March 2011
Return study visit by Eric Booth with Trish Tunstall (author) USA

February 2011
Study Visit for newly appointed programme leader: Sistema Aotearoa (NZ)

October 2010
Study visit from CEO of Auckland Philharmonia (and Board member of Sistema Aotearoa)

September 2010
Presentation at Sistema conference, Concertgebouw, The Netherlands

June 2010
Seoul, South Korea. One of keynote presentations at opening of sistema conference. Follow up discussions to advise and inform the development of the strategy for sistema organisations in South Korea. Signing of Memorandum of Understanding with the Korean Arts and Culture in Education Organisation.

Gothenburg, Sweden. One of keynote presentations at opening of sistema conference

May 2010
Presentation in Portugal, European Foundation Centre Annual Conference

6 week study visit by one of the first “Abreu Fellows” Laurie Heagy, USA

April 2010
Partnership agreement formed with Auckland Philharmonia for Sistema Scotland to support the development of a sistema programme in New Zealand, Sistema Aotearoa.

March 2010
Visit from Director of Department of Culture and Heritage, New Zealand Ministry

January 2010
Paris, Francis. Presentation at conference to consider the development of el sistema programme in Paris.

November 2009
Study visit by Eric Booth, Writer and Education Consultant, USA

October 2009
Sistema Scotland International Conference; Raploch, Stirling. In partnership with the British Council Scotland and Fundamusical Bolivar, 2 day event
showcasing progress and learning so far at Big Noise Raploch. Representatives from Iraq, Syria, New Zealand, Ireland, Columbia, Portugal, England.

**April 2009**
London Symposium, Royal Festival Hall. Panel discussion alongside Julian Lloyd Webber and Ed Vaizey.

**January 2009**
Meeting with Auckland Phil, British Council NZ, Auckland NZ

**Miscellaneous:**

In addition to the above, request for information and support have been received by individuals or representatives from organisations based in:

Israel  
Palestine  
Cape Verde Islands  
Canada  
Zimbabwe  
Kenya  
Australia  
Ghana  
Abu Dhabi  
Czech Republic  
Pakistan

Support to all of the above is offered in the form of written literature, telephone consultations, or study visits where appropriate.

Sistema Scotland also hosts regular learning visits for interested parties.
Culture, Tourism, Europe and External Relations Committee

Scrutiny of the Scottish Government’s Draft Budget 2017/18

Scottish Library and Information Council
Response to request for information
BACKGROUND

THE ROLE OF THE SCOTTISH LIBRARY AND INFORMATION COUNCIL (SLIC)

SLIC, established in 1991, is the independent advisory body to the Scottish Government on library and information matters. It is funded through a combination of a core grant from the Scottish Government and membership subscriptions. The Scottish Government highlight in the grant letter that the funding is awarded “to support national activity to promote, evaluate or carry out research into public libraries and/or reading across all of Scotland”. Member institutions are from local authority public library services, Higher Education Libraries, Further Education Libraries and special interest libraries such as the Scottish Poetry Library and the Library at the Royal Botanic Gardens in Edinburgh. As a membership organisation, SLIC represents its members’ interests in the first instance while maintaining a healthy overview of the library sector as a whole.

SLIC welcomes the opportunity to respond to the Culture, Tourism, Europe and External Relations Committee’s request for information.

SLIC usually has two funding lines from the Scottish Government:
• a core grant to support the running of the organisation
• the Public Library Improvement Fund which is used to support national initiatives that enhance our public libraries and innovative local projects that allow our libraries services to develop new ideas.
SECTION 1 - SLIC CORE GRANT FUND

1.1 A Brief Summary of how your organisation used government funding over the course of this financial year (2016/17)

SLIC received a core grant of £205,000 from the Scottish Government which allows the organisation to carry out its work as an advocate and leader of the library sector for all strands of the libraries sector in Scotland – including those who are not members directly. SLIC is also the Scottish Government's advisor on public library matters and manages and distributes the PLIF to the sector. This grant supports the running costs of the SLIC office including accommodation and associated overheads including utilities, administrative processes and staff salaries.

1.2 Any case studies you may have which demonstrate the impact these funds had or will have, particularly if they have a transformative or preventative effect

The Scottish Library and Information Council could not function without the financial support of the Scottish Government. The PLIF projects, the national strategy Ambition and Opportunity: A Strategy for Public Libraries in Scotland 2015-2020 and the consistent development of public library services in Scotland illustrate the impact of the SLIC team managing, influencing and advocating this area of work. SLIC has a strong proven track record of delivering projects which support Public Libraries in Scotland on time and within budget. SLIC cites this work as demonstrating the impact which it makes with the public library sector within Scotland.

Ambition and Opportunity: A Strategy for Public Libraries in Scotland 2015-2020 is a sector driven strategy and it has provided the sector with a much needed advocacy tool especially in these austere times. The strategy has enabled public libraries in Scotland to move forward in a way which public libraries in the rest of the UK have been unable to do and it could be argued that this is due to the existence of SLIC.

1.3 Any comments you may have concerning the allocation of funds this financial year (eg.access, timings, material changes from previous year etc…)

SLIC is grateful for the financial support which it receives from the Scottish Government. It has a small dedicated team with a large remit which personifies best value for expenditure from the Scottish Government.

SLIC appreciates that the financial climate is challenging and so with a standstill budget ensures that efficiencies, where possible, are realised.

1.4 Any concerns you have about the allocation of funds for the coming year

The current financial climate is challenging for everyone in the public sector. As overheads continue to rise, there is a concern that despite maximising income as far as possible, the core grant may not be sufficient to balance the budget.
SECTION 2 - PUBLIC LIBRARY IMPROVEMENT FUND

The PLIF has been part of the libraries landscape for 10 years and has supported over 160 projects in all 32 local authorities over that time. The projects supported by the PLIF have changed significantly over this time so that activities that were supported 10 years ago are now part of a standard library offer such as access to digital equipment, early years programmes and reader development activity. An overview of the impact of the public library transformation over this period of time is encapsulated in this short film: https://vimeo.com/184819722

PLIF is an excellent example of how small amounts of funding can drive the sector forward and this was highlighted in the Robert Gordon University research which was carried out in 2015 http://scottishlibraries.org/wp-content/uploads/2015/11/SLIC-Final-Report-PLIF-RGU.pdf

2.1 A Brief Summary of how your organisation used government funding over the course of this financial year (2016/17)

The Public Library Improvement Fund (PLIF), totalling £450,000, was received by SLIC from the Scottish Government. Public Libraries are eligible to apply to this fund by submitting innovative projects which clearly align with the Strategic Aims within Ambition and Opportunity: A Strategy for Public Libraries in Scotland 2015-2020.

Awards amounting to around £250,000 were made to 19 local projects across Scotland to support projects ranging from robotics workshops and coding clubs, community engagement initiatives to programmes inspired by WW1. Scotland-wide projects include a national reading project which ties in with the 2017 Year of History, Heritage and Archaeology – Reading the Past, Imagine the Future and another national initiative involves training library staff across Scotland in Training in New Technologies (TNT) as well as a library staff training programme to support people with Dyslexia within local libraries. A summary of all the projects is attached at Annex A.

Other initiatives supported by the 2016/17 PLIF included the evaluation of the Every Child a Library Member pilot programme. The pilots were launched by the First Minister, Nicola Sturgeon MSP in August 2015. The PLIF also supported 229 Book Week Scotland events in all 32 local authority library service areas to much acclaim. The PLIF also supported the implementation of the self-assessment quality improvement tool How Good is our Public Library Service? which is a key plank in ensuring public service excellence as outlined in Ambition and Opportunity: A Strategy for Public Libraries in Scotland 2015-2020.

2.2 Any case studies you may have which demonstrate the impact these funds had or will have, particularly if they have a transformative or preventative effect

There are a number of case studies which demonstrate impact within local library services. The PLIF supported culture and creativity within communities with projects in North Ayrshire such as SongBook – A Creative Fusion of Books and Songwriting - this project will engage more people of all ages with North Ayrshire library services – inspiring creativity through a ground-breaking songwriting and music making project and delivers on Strategy Aim 5 of the Strategy (Promoting Culture and Creativity).
Also, Edinburgh Libraries introduced *Edinburgh Explorers* which builds upon established links with schools, this project is designed specifically to encourage and promote reading, literacy and independent learning for P1 – P7 children outwith school term times and delivers on Strategy Aims and 1 and 5 of the Strategy.


A number of PLIF projects not only support the strategic aims of *Ambition and Opportunity: A Strategy for Public Libraries in Scotland 2015-20* but also actively contribute to Scottish Government key priorities as outlined below. The impact of this is palpable when consideration is given to the engagement which public libraries have with communities, attracting over 40 million visitors in 2015 alone.

a) Removing inequality and improving attainment

The evaluation of the *Every Child a Library Member* pilot, carried out by the Robert Gordon University in 2016, highlighted that by ensuring equal access to library materials from birth, every child has access to learning resources at every stage of their development thus removing inequality.

Quotes from the evaluation illustrate this, one library service states:

“We opted to go down the route of the Registrars handing out the cards so that we would reach all parents with the library message (…) Often the families we most want to reach are those who find form-filling very off-putting. So we’re trying to remove barriers”

Parents were equally enthusiastic about the service, one commenting:

“I’ll definitely be bringing my child and using his library card – I didn’t know about all the stuff in libraries – I’ll start coming regularly”

Embedding *Every Child a Library Member* as a core offer for library services forms part of the 2016/17 Scottish Government Programme for Government. This coupled with the rollout of the *Read, Write, Count* Initiative, which is now available in all public libraries in Scotland, ensures that parents can be involved with their children’s learning and support their learning needs at every stage and consequently improve attainment opportunities.

Similarly, the *Lads and Dads* initiative in *Culture Perth and Kinross* will provide positive male role models to encourage children, but particularly boys, to read for pleasure thus improving confidence and literacy levels and as a result improving attainment.

Another project at AngusAlive Libraries is targeting emergent readers to build confidence with basic literacy and this contributes to improving attainment.

b) Tackling Social Isolation

*Teenage Volunteers* in HighLife Highland – High Voltage is a project where teenage volunteers develop events and activities in Highland Libraries to increase participation and local engagement.
East Dunbartonshire Libraries is developing creative community hubs. This long-term programme will promote the role of libraries to support cultural and creative activity and this recognises that this improves social wellbeing and community cohesion.

*Community Connections* in East Renfrewshire is a project which will create tailored packages of services and delivery to adults at risk of social isolation. The aim is to support individuals to engage and reconnect with the community through vibrant library hubs.

In South Lanarkshire – *70 Voices* is an intergenerational dialogue through library resources and books where young and older people come together to discuss life in the community. The main objective of this creative project is to make a lasting contribution to heritage resources by giving opportunities to young and old to get involved in a wide range of cutting edge digital activities. This will build up an intergenerational dialogue which can then be stored for future generations.

Angus Libraries used PLIF funding to create the *Dementia Memory Boxes Project* which established a range of memory boxes in each service point to stimulate memories and conversations between dementia sufferers and others. Public Libraries in Scotland have undertaken a number of initiatives to support Dementia sufferers and SLIC has recently commissioned research into the impact of these projects. This research will be available later in 2017.

Glasgow Life is supporting non English speaking users by a *Community Language Engagement & Participatory Budgeting Project*. The core aim of this project is to engage with existing English of Speakers of Other Languages (ESOL), which will be delivered through the established ‘Glasgow’s Learning’ network and work directly with speakers of other languages in communities. This will directly influence the purchase of library materials to reflect the reading and literacy interests of those communities thus ensuring the library provision is inclusive to all.

c) Digital Inclusion

SLIC funded the rollout of Appiness through PLIF in 2015/16. North Ayrshire Libraries developed Appiness with PLIF funding in 2014/15. It is recognised as an innovative, UK award winning learning programme, which featured as a case study in *Ambition and Opportunity: A Strategy for Public Libraries in Scotland 2015-20*. Appiness brings together library resources and quality-approved educational apps for very young children and their families, in a learning programme which helps parents/carers to support their child’s development. Users said:

“I’ve been inspired to do more courses which will help me with IT. I would recommend this course to any parent. It made me more aware to dangers online and the apps which are available’. (This participant enrolled in further tablet courses and embarked on an ECDL training.)”

“I’m such a technophobe, but I know I need to learn this to help my daughter.”

“I never knew about the library online services and I will definitely use them”

100% of respondents say that taking part in the project had benefitted them and their children.

Orkney Libraries are developing *Code Miners* which will see Library Minecraft and Code Clubs roll out for children and young people. This not only advances digital skills but supports the importance of STEM for future generations.
**Code Lego** – Stirling’s Libraries are promoting digital inclusion through the use of Lego robotics and coding sessions this programme encourages creative thinking and nurtures an interest in Science, Technology, Engineering and Mathematics (STEM).

**Digital Hebrides** - The key focus of this project is to digitally extend the library service in the Western Isles, creating a range of exciting digital discovery opportunities in libraries and beyond. Aimed at Young People, this will be done through a combination of gaming, virtual reality and drone photography.

**Tablet Tasters** in Fife Libraries is a creative project, aimed at adults, which explores the impact of eBook and eAudiobook services through a range of programmes currently offered by Fife Cultural Trust Libraries.

**d) Digital Participation**

Other Scottish Government funding was made available to SLIC to further support the digital inclusion during 2016/17.

**3D Printers**

SLIC received one off funding from the Scottish Government’s Digital Participation Team of £76,000 to introduce 3D printers to all 32 local authority library services. The first project which public libraries across Scotland supported with this new service was the *BBC Scotland – Build It Scotland!* initiative. As part of the 2016 Festival of Architecture children were invited to design their favourite building in Minecraft and print out their designs in 3D in local libraries. The project fully engaged young people with coding and spacial design. Local access to the 3D printers ensured all young people could fully participate in the project and experience the learning outcomes. Increasing STEM and digital skills and supporting active participation in engaging with digital opportunities.

**WiFi**

SLIC, working in partnership with the Scottish Futures Trust, received £400,000 from the Scottish Government Public Broadband Wireless programme to ensure that all public libraries in Scotland had free WiFi provision. Wireless connectivity within communities supports access to benefits, job seeking and gaining digital skills and confidence. Digital participation is a core Strategic Aim of *Ambition and Opportunity: A Strategy for Public Libraries in Scotland 2015-2020* and public library staff have been trained to support the public to access online services and learning opportunities.

**e) 2017 – Year of History, Heritage and Archaeology**

In addition to the national reading initiative *Reading the Past, Imagine the Future* there are a number of other programmes which commemorate World War 1 which are PLIF funded. These clearly bring history and heritage to life through library resources- some of these are:

**Angus Home Front in WW1** - This project will produce an accessible record commemorating what life was like on the Home Front in Angus during the Great War.

**East Dunbartonshire's War** - Building on the work carried out throughout 2015/16, this project will further engage young people and local communities with their First World War heritage in innovative ways.

**Read All About It – Online! Moray’s War through the Local Press** - The main focus of this pilot project is to digitise the first phase of the 1914 – 1919 editions of local newspaper, the Northern Scot. This will make information more widely available to the communities of
Moray, local researchers, historians and families who are interested in their ancestors. Library users will be able to find out those who fought the battle of WW1 on the Home Front as well as those involved in conflict.

Information on all the 2016-17 PLIF projects is provided at Annex A.

2.3 Any comments you may have concerning the allocation of funds this financial year (eg. access, timings, material changes from previous year etc …)

As a result of *Ambition and Opportunity: A Strategy for Public Libraries in Scotland 2015-2020*, being launched in June 2015 and the support which the public library community has put behind it, the number of PLIF applications received by SLIC from public library services increased substantially. The PLIF was reduced by 10% (£50,000) in 2016/17 which meant that there was less funding available to support the aims of the Strategy and a number of applications were unsuccessful.

In 2016/17, the PLIF application process was slightly delayed due to the 2016 Holyrood elections, although the grant offer letter was received as normal. This meant that the funds were distributed to library services much later in the fiscal year which in turn condensed the length of time in which projects needed to be completed. However, this did not impact on the volume of applications received.

2.4 Any concerns you have about the allocation of funds for the coming year

The Public Library Improvement Fund is an essential component of the funding mix to ensure the Strategic Aims of *Ambition and Opportunity: A Strategy for Public Libraries in Scotland 2015-2020* are delivered. The breadth of projects outlined above demonstrate the scale and reach of projects supported through PLIF.

The innovation and service improvement which the Public Library Improvement Fund enables is essential to ensure that Scotland’s public libraries remain vibrant and relevant local spaces.
Annex A

Public Library Improvement Fund Awards 2016/17

National Projects

Scottish Reading Strategy for Public Libraries: Adult, Children and Young People’s Group

Welcoming Dyslexic Readers in Libraries

AWARD: £26,240

This nationwide project focuses on inclusion – ensuring access to reading is accessible to all by developing public library staff awareness and knowledge of dyslexia. The aim is to promote best practice and make certain Dyslexia Awareness Week is marked in every local authority.

Scottish Reading Strategy for Public Libraries: Adult Group

National Reading Promotion: Read the Past – Imagine the Future.

AWARD: £20,200

The aim of this national project is to encourage reading throughout Scottish communities and to widen knowledge of local and national history.

Public Library Projects

Aberdeen Library Service

Café Workshop @ Aberdeen Central Library

AWARD: £7,500

The aim of this project is to establish a multi-purpose, flexible creative community space within the Media Centre of the Central Library. The space will be used for creative taster sessions, technology workshops, makerspace sessions, pop-up events, consultation and community engagement sessions delivered by library staff, partner agencies, community groups, local organisations and individuals. This affiliates well with Strategic Aims 3 and 5 of ‘Ambition & Opportunity’ which focuses on economic wellbeing and culture & creativity.

ANGUSalive

Angus Home Front in WW1

AWARD: £7000

This project will produce an accessible record commemorating what life was like on the Home Front in Angus during the Great War.
ANGUSalive

**Collaborative Practices – Supporting the Literacy Learning Needs of Emergent Readers**

AWARD: £2000

The aim of this venture is to improve children’s attainment in literacy, an important aspect of Strategic Aim 1 in the Public Libraries’ Strategy document ‘Ambition & Opportunity’.

**East Dunbartonshire Leisure & Culture Trust**

**Creative Community Hubs**

AWARD: £3,640

This long-term programme will promote the role of libraries in supporting cultural and creative activity – recognising that this improves social wellbeing and community cohesion. This project aligns with Strategic Aims 4 and 5 in ‘Ambition & Opportunity’, the Public Libraries’ National Strategy, which focuses on social wellbeing and culture & creativity.

**East Dunbartonshire Leisure & Culture Trust**

**East Dunbartonshire’s War**

AWARD: £10,000

Building on the work carried out throughout 2015/16, this project will further engage young people and local communities with their First World War heritage in innovative ways. This will centre on digital inclusion as well as culture & creativity – Strategic Aims 2 and 5 in the Public Libraries’ Strategy document ‘Ambition & Opportunity’.

**East Dunbartonshire Leisure & Culture Trust**

**Libraries Supporting Users with Different Needs**

AWARD: £6,364

The aim of this project is to make libraries a more welcoming place for isolated or disadvantaged people in society. This includes members of the public with disabilities, differences and learning difficulties. Inclusion is a core part of Strategic Aim 4 of the Public Library Strategy, which promotes social wellbeing.

**East Renfrewshire Culture and Leisure**

**Community Connections**

AWARD: £10,000

This project will create tailored packages of services and delivery to adults at risk of social inclusion. The aim is to support individuals to engage and reconnect with the community
through vibrant library hubs. This project relates to Strategic Aim 4: Social Wellbeing in the Public Libraries’ Strategy document ‘Ambition & Opportunity’.

**East Renfrewshire Culture and Leisure**

**Lock and Leave Libraries**

**AWARD: £30,000**

In a bid to increase access to library services and resources, this project will focus on offering access to physical buildings outside of core staffed periods. This relates well to both Strategic Aims 4 and 6 of ‘Ambition & Opportunity’ the Public Library Strategy for 2015 – 2020.

**Edinburgh Library Service**

**Edinburgh Explorers**

**AWARD: £5,330**

Building upon established links with schools, this project is designed specifically to encourage and promote reading, literacy and independent learning for P1 – P7 children outwith school term times. This innovative scheme links with three different aims of the Public Libraries Strategy document – reading, writing and literacy, social wellbeing and culture & creativity.

**Fife Cultural Trust**

**Tablet Tasters**

**AWARD: £13,000**

This creative project explores the impact of eBook and eAudiobook services through a range of programmes currently offered by FCT Libraries. Initially focusing on established literacy projects for school pupils, this will later extend to Chatterbooks groups. This projects aligns with Strategic Aims 1 and 2 in the Public Libraries’ National Strategy which focuses on reading, literacy & learning as well as digital inclusion.

**Glasgow Life**

**Community Language Engagement & Participatory Budgeting Project**

**AWARD: £4,900**

The core aim of this project is to engage with existing English of Speakers of Other Languages (ESOL), which will be delivered through the established ‘Glasgow’s Learning’ network and work directly with speakers of other languages in communities. This will directly influence the purchasing collections to reflect the reading and literacy interests of those communities. The project incorporates three Strategic Aims of the Public Library Strategy – reading, writing and literacy, social wellbeing and culture & creativity.
High Life Highland

HIGH VOLTAGE: Teenage Volunteers in HLH Libraries

AWARD: £22,000

This project will recruit and develop a team of teenage volunteers from across the Highlands to support and deliver a range of events and activities in local Highland libraries. This will lead to an increase in wider community engagement and participation – a core aspect of every Strategic Aim in the Public Libraries Strategy document ‘Ambition & Opportunity’.

Moray Library Service

Read All About It – Online! Moray’s War through the Local Press

AWARD: £10,000

The main focus of this pilot project is to digitise the first phase of the 1914 – 1919 editions of local newspaper, the Northern Scot. This will make information more widely available to the communities of Moray, local researchers, historians and families who are interested in their ancestors. Library users will be able to find out those who fought the battle of WW1 on the Home Front as well as those involved in conflict.

North Ayrshire Library Service

SongBook – A Creative Fusion of Books and Songwriting

AWARD: £6,900

This project will engage more people of all ages with North Ayrshire library services – inspiring creativity through a ground-breaking songwriting and music making project. This is a key aspect of Strategic Aim 5 – culture & creativity – in the Public Libraries’ Strategy document ‘Ambition & Opportunity’.

Orkney Library Services

Code Miners – Library Minecraft and Coding Clubs

AWARD: £2,000

Through the use of Minecraft and Coding activities this project aims to engage with 7 to 14-year-olds and their families. This relates well to Strategic Aims 1, 2, 4, and 5 of the Public Libraries Strategy which focuses on areas such as excellent public services and digital inclusion.

Culture Perth & Kinross

Digital Skills Volunteer Coordinator

AWARD: £12,220
The temporary employment of a Volunteer Coordinator will ensure a framework is in place to upskill staff and volunteers so that digital literacy and tuition becomes part of library planning. This will help develop the use of volunteers within the library service to deliver digital skills tuition for members of the public through the public libraries network. This links directly to Strategic Aim 2 of the Public Libraries Strategy, digital inclusion.

Culture Perth & Kinross

**Lads and Dads sessions in the Library**

AWARD: £14,000

This project will establish and develop a ‘lads and dads’ six-week programme and reading and literacy-related activities – directly relating to Strategic Aim 1 of the Public Libraries Strategy, Ambition & Opportunity.

South Lanarkshire Leisure & Culture

**70 Voices – An Intergenerational Dialogue**

AWARD: £20,000

The main objective of this creative project is to make a lasting contribution to heritage resources by giving opportunities to young and old to get involved in a wide range of cutting edge digital activities. This will build up an intergenerational dialogue which can then be stored for future generations. This incorporates Strategic Aims 2, 3, 4, and 5 of the Public Libraries Strategy document, ‘Ambition & Opportunity’.

Stirling Library Services

**CODE: Lego**

AWARD: £11,000

Through the use of Lego robotics and coding sessions this programme encourages creative thinking and nurtures an interest in Science, Technology, Engineering and Mathematics (STEM). This will increase digital participation within Stirling’s libraries. Focusing on reading, writing and learning, digital inclusion and culture & creativity, this project combines three key aspects of the Public Libraries Strategy, ‘Ambition & Opportunity’.

Western Isles Library Services

**Digital Hebrides**

AWARD: £5000

The key focus of this project is to extend the library service in the Western Isles digitally, creating a range of exciting digital discovery opportunities in libraries and beyond. This will be done through a combination of gaming, virtual reality and drone photography. With digital inclusion lying at the heart of this project, it relates directly to the Scottish Libraries Strategic Aim 2 in the Ambition & Opportunity Strategy document.
Culture, Tourism, Europe and External Relations Committee

16th meeting, 2016 (Session 5) Thursday 22 December 2016

Draft Budget Scrutiny 2017-18

Written submissions

The Scottish Government submitted the following information:

- Letter from the Cabinet Secretary for Culture, Tourism and External Affairs to the Convener.

Letters from the Scottish Government to the following organisations regarding the budget allocation and monitoring 2016-17:

- Creative Scotland;
- National Galleries of Scotland;
- VisitScotland;
- Historic Environment Scotland;
- National Library of Scotland; and
- National Museums Scotland.
16 December 2016

Dear Ms McAlpine,

Thank you for your letter of 23 November 2016 regarding the Committee’s scrutiny of the Scottish Government’s Draft Budget for 2017-18.

Before I address the specific points you raise, it might be helpful if I set out in general terms my Portfolio’s budget position. The most significant change since the publication of the 2016-17 Draft Budget relates to the move into my Portfolio of the Tourism Budget. Bringing the Tourism and Major Events budgets together within the same portfolio allows us both to align and to maximise the significant economic impact of these sectors.

We are continuing to work to bring major events to Scotland and to support the 2018 European Championships and the 2019 Solheim Cup where planning is well underway. These events, along with others secured including the 2019 European Athletics Indoor Championships and UEFA Euro 2020, will deliver economic, socio-cultural and reputational benefits for Scotland. An on-going programme of themed years, with the Year of History, Heritage and Archaeology in 2017 and the Year of Young People in 2018 will also enhance Scotland’s international reputation and profile and drive economic impact through increased tourist and domestic spend.

The International Development Fund (IDF) will be increased to £10m per annum from April 2017 to enable us to increase our action to tackle poverty and inequalities in areas of Malawi, Zambia, Rwanda and Pakistan, in line with our Programme for Government commitment. We are also committed to continuing with our popular Small Grants Programme, funded from the IDF, to enable more and smaller organisations in Scotland to be involved in international development. A new £1M per annum humanitarian aid fund is also currently being developed separately with stakeholders, again to take effect from April 2017.
We can also be proud of a number of capital achievements with the V&A Dundee due to open in 2018 and progress towards the next phase of Kelvinhall redevelopment amongst them and we have increased the capital funding available to Historic Environment Scotland to support its work in managing and conserving historic properties across Scotland.

There are also challenges to be met however, particularly in relation to the high fixed costs across the Portfolio as a result of it funding many public facing organisations with significant staffing and estates expenditure. I have sought to protect those budgets in 2017-18 where this is a major issue, enabling this Government to continue delivering on key commitments such as maintaining free access to our National Museums and Galleries.

I expect we will explore some of these issues in more depth on 22 December. In the meantime, I have set out below my response to your specific queries.

Level 4 Data

This was published on 16th December for all Portfolios. I have attached a copy to this letter.

Europe and External Affairs

Your letter set out some specific questions related to the European and External Affairs (EEA) aspects of the budget. Those questions, and my response, are set out below.

- how you adapted your priorities to address the result of the EU referendum.
- whether there has been any movement of funding either to or from the EEA budget lines.

As you know, we made a clear commitment to explore all options to protect Scotland’s Relationship with Europe in light of the EU referendum outcome. This has required the Scottish Government to prioritise staff resource across a range of Directorates to ensure we effectively respond to the challenge, something I know the Committee has discussed in recent evidence sessions with the Minister for UK Negotiations on Scotland’s Place in Europe. However, in 2016-17 there has only been a modest impact on the EEA budget, for example covering the travel expenses of the First Minister’s Standing Council on Europe, supporting the delivery of a conference of International EU Experts, and publishing Scotland: A European Nation.

The Scottish Government’s overall financial position is kept under review throughout the year. Budgets are periodically adjusted in order to better reflect priorities and to make resources available where they are needed. The revised budget for International and European Relations in 2016-17 is £13.3 million (see Table 12.03 of the published Draft Budget for 2017-18), reflecting transfers made to other portfolios in the Autumn Budget Review for the delivery of activity in support of our International Framework objectives. This includes, for example, educational aspects of our International Development programme and support for the Talent Scotland advice service that is delivered by Scottish Enterprise. The out-turn position at the year-end is expected to be close to the revised 2016-17 budget.
EU Funding

You asked a number of questions relating to EU funding which are the responsibility of the Cabinet Secretary for Economy, Jobs and Fair Work and the Cabinet Secretary for Rural Economy and Connectivity. The relevant responses are set out in the Annex to this letter.

Culture and Tourism

You are correct to say that the majority of the culture and tourism budget is allocated to non-departmental public bodies (NDBPs). The portfolio supports 6 NDPBs – Historic Environment Scotland, VisitScotland, Creative Scotland, the National Galleries of Scotland, National Museums Scotland and the National Library of Scotland - receiving a total of £188m amongst them in 2017-18.

I have attached the latest budget allocation letters for 2016-17 for each of the 6 public bodies. These letters set out the funding provided by the Scottish Government and the broad expectations of the bodies in terms of what they should achieve with this. The 2017-18 letters will not be issued until the Budget Bill has been approved by Parliament, but I would expect that the format of the letters will be very similar.

The draft 2017-18 budget provides additional resources to support Historic Environment Scotland’s work to preserve, promote and protect Scotland’s heritage and historic environment. It protects Creative Scotland’s grant in aid as far as possible for the culture, screen and creative industry organisations CS supports. Revenue funding for the National Galleries, Museums and Library has also been maintained at 2016-17 levels.

The Strategic Forum (made up of Highlands and Islands Enterprise, Skills Development Scotland, Scottish Enterprise, the Scottish Funding Council and VisitScotland) identified savings in 2016/17, £5.44 million of which was collected from VisitScotland’s budget in-year. Strategic Forum savings have been removed in-year in previous years but have been deducted at the Draft Budget stage for 2017-18. It can thus appear from the Draft Budget document that there has been a significant reduction. However when all budget alterations are made, the end result is a flat cash settlement for VisitScotland in 2017-18.

Each of the bodies publishes corporate plans, business plans and annual reports and accounts detailing their objectives which reflect the Government’s priorities. These reports also set out these bodies’ use of resources, key performance indicators, achievements and results.

Historic Environment Scotland, established in October 2015 as the lead public body for the historic environment, published its first corporate plan and business plan in March 2016. It measures its performance against 11 key indicators relating to, amongst others, the contribution of heritage tourism to the economy, the impact of climate change, improving the condition of Scotland’s historic environment, and public engagement with it.

https://www.historicenvironment.scot/about-us/who-we-are/corporate-plan/

https://www.historicenvironment.scot/about-us/who-we-are/corporate-information/business-plan/
Creative Scotland is the national public body which supports the development of Scotland’s arts, screen and creative industries. In April 2014 Creative Scotland published its strategic plan, Unlocking Potential – Embracing Ambition, which presents a shared vision for the arts, screen and creative industries through to 2024. The body measures its performance against its strategic objectives through an annual review of performance published in December following each financial year. The annual review will also report on the alignment of Creative Scotland’s strategic objectives to the Scottish Government’s National Performance Outcomes.

http://www.creativescotland.com/what-we-do/annual-plan

VisitScotland is the lead public body for Scotland’s visitor economy. Its performance measures are determined annually and detailed in its Annual Operating Plan. The measures themselves are based on VisitScotland’s Economic Measurement Framework. A link to the Framework, along with VisitScotland’s letter of Strategic Guidance, is attached below.


Current dialogue is ongoing with VisitScotland around its activities and consideration will be given to a revision of the current detail within the letter of strategic guidance. It is likely that this will focus on the economic impact of VisitScotland, future strategic collaboration, destination support, the delivery of the aims of the Tourism Scotland 2020 strategy and the Programme for Government commitment to developing the promotion of the south of Scotland as a tourism destination.

The National Galleries, National Museums and National Library are nationally and internationally renowned organisations which look after our world class national collections helping us to explore, debate and celebrate our nation and the world around us. The bodies measure performance against sets of key performance indicators which include on-site visits, online visits, levels of learning participation and levels of fundraising from non-government sources.


The Portfolio also directly supports the 5 National Performing Companies with a further £22.9m. These are independent bodies rather than NDPBs and their funding levels are not individually identifiable within the Level 4 table so I have set them out below. The draft budget maintains revenue grant funding for the companies at 2016-17 levels.
<table>
<thead>
<tr>
<th>National Theatre of Scotland</th>
<th>£4,174,000</th>
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<tr>
<td>Royal Scottish National Orchestra</td>
<td>£3,961,000</td>
</tr>
<tr>
<td>Scottish Ballet</td>
<td>£4,369,000</td>
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<tr>
<td>Scottish Chamber Orchestra</td>
<td>£1,992,000</td>
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<tr>
<td>Scottish Opera</td>
<td>£8,000,000</td>
</tr>
<tr>
<td>International Touring Fund</td>
<td>£350,000</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>£22,846,000</strong></td>
</tr>
</tbody>
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These Companies also publish annual reports individually, and each year Scottish Government publishes a joint report recording the activity and funding of all 5, including their partnership successes and education and outreach outcomes. The most recent report can be found here [http://www.gov.scot/Publications/2016/03/8791/2](http://www.gov.scot/Publications/2016/03/8791/2).

I am happy to provide further information in writing should this be helpful.

Kind regards,

Fiona Hyslop

FIONA HYSLOP
EU FUNDING QUESTIONS

You asked the following in relation to EU funding:

- An update on the impact of the suspension of the 2007-2013 Highlands and Islands and Lowlands and Uplands Scotland European Social Fund Programmes, and the Lowlands and Uplands Regional Development Fund Programme,
- Given that payments of EU funding under the current programmes are likely to continue after the UK has left the EU, how is the Scottish Government working with the UK Government to ensure that funding commitments are fully funded?
- How will the Treasury guarantee for EU funded projects operate alongside the existing fiscal framework for the Scottish Government?
- As funding for the Less Favoured Areas Scheme under the Scottish Rural Development Programme is committed on an annual basis, whether payments under the current programming period up until 2020 will still be paid even if the UK has left the EU before the end of the programme?

EU Funding: suspensions to 2007-13 structural funds programmes

As you know, EU funding benefits Scotland significantly, supporting jobs, delivering infrastructure, sustaining rural communities, providing valuable support for the farming and fishing industries and delivering research funding for universities.

European Structural Funding is distributed by the SG to projects across Scotland. In 2015 the error rate prompted suspension of re-payments from the European Commission (EC) to the SG in relation to three programmes pending clarification of errors and audit issues. These issues have now been addressed, the errors were reduced significantly and the underlying management and control issues addressed. In detail:

- A financial correction of £14 million was made equivalent to the final error. The final reconciliation for the programme will not be completed until 2018 and means the final penalty may be less than £14 million.
- This has been presented by Audit Scotland as a loss of grant to the Scottish Government in the 2015/16 audit published 30 September 2016. This has not impacted on funding of the projects as the SG had already paid out their claims.
- All three suspensions have now been lifted by the EC and over £165 million been released to the Scottish Government.
- The new European Structural Funds programmes have already learned lessons and now carry out more checks on payment claims before paying out.
- Auditors have confirmed the Scottish Government’s newly designed management and control system for the 2014-20 ESF/ERDF programmes is fit for purpose.
EU Funding: BREXIT

European Structural Funds programmes 2014-20 are worth €941 million (£800m) to Scotland. Over 200 projects have been approved by the Managing Authority (Scottish Government) and endorsed by Scottish Ministers committing over £383 million of ERDF and ESF to projects across Scotland.

Since the UK joined the European Union, Scotland has benefited from around €4.75 billion (£4bn) of European structural funds.

There are no guarantees on EU funding streams after the UK leaves the EU, leaving a number of sectors of the Scottish economy facing an uncertain future. We will negotiate with the UK Government to ensure that future financial support for the range of initiatives currently supported by European Funds is allocated on a fair and equitable basis across the UK post-Brexit. In response to the following circumstances:

*Given that payments of EU funding under the current programmes are likely to continue after the UK has left the EU, how is the Scottish Government working with the UK Government to ensure that funding commitments are fully funded?*

- Derek Mackay, Scottish Government’s Finance Secretary has announced that he will be passing on the UK Government’s recently announced guarantee on European funding in full.
- The guarantee means that all projects formally approved prior to the UK leaving the EU will be honored in full, even if they complete after the UK has left.
- SG provides regular forecasting to HMT on the levels of funding required to meet this commitment by the UK Treasury.

*How will the Treasury guarantee for EU funded projects operate alongside the existing fiscal framework for the Scottish Government?*

- The Scottish Government’s funding arrangements are governed by the Statement of Funding Policy - which sets out how UK government funding for the devolved administrations is determined. This will ensure that, post Brexit, the appropriate level of additional resources will be transferred into the Scottish Budget from HM Treasury in the years to allow the Scottish Government to meet our existing EU funding commitments.
- The fiscal framework is not relevant, it relates only to powers devolved under the Scotland Act 2012 and 2016.

Discussions with the UK Government are continuing in relation to guarantees for the Less Favoured Areas Support Scheme (LFASS) scheme for 2019 and 2020. The Cabinet Secretary for Rural Economy and Connectivity met with the Secretary of State for Environment, Food and Rural Affairs on 2 November, where this issue was discussed. Following on from that meeting, on 29 November Fergus Ewing wrote to Andrea Leadsom MP (copied to the Chief Secretary to the Treasury) to seek confirmation that the annual LFASS payments for 2019 and 2020 will be honoured in full. We still await a response to that letter.
In relation to the Committee’s question about the fiscal framework, the Scottish Government’s funding arrangements are governed by the Statement of Funding Policy - which sets out how UK government funding for the devolved administrations is determined. This will ensure that the appropriate level of additional resources will be transferred into the Scottish Budget from HM Treasury to allow the Scottish Government to meet our existing EU funding commitments (in line with the EU Funding Guarantees). There is no direct link between the HM Treasury guarantees and the operation of the Fiscal Framework.

The Scottish Government will continue to press the UK Government for clarity on what will replace current EU Funding streams and will negotiate to ensure that future financial support for initiatives that currently receive European funds is allocated on a fair and equitable basis across the UK post Brexit.
Dear Janet

BUDGET ALLOCATION AND MONITORING: 2016-17

Purpose
I am writing, on behalf of the Scottish Ministers, to confirm the budget and associated grant in aid allocated to Creative Scotland (CS) for 2016-17, and to provide guidance on related matters. This letter also sets out the arrangements for monitoring the budget and for (re)profiling and drawing down grant in aid.

The use of resources must be in accordance with the agreed corporate plans, CS’s framework document, and any relevant guidance issued by the Scottish Ministers, in particular the Scottish Public Finance Manual. Relevant guidance may also include the setting out, from time to time, of expectations for the way that CS operates in support of Ministers’ policy aims and objectives for the public sector as a whole.

Ministerial Priorities
Grant-in-aid is paid to enable Creative Scotland to fulfil its statutory functions and to deliver Scottish Ministers' strategic objectives that underpin its core purpose - to create a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth. The 5 strategic objectives are Wealthier and Fairer, Healthier, Safer and Stronger, Smarter, and Greener - [http://www.gov.scot/About/Performance/purposestratobjs](http://www.gov.scot/About/Performance/purposestratobjs).

CS will contribute to the National Outcomes and National Performance Framework, as set out in the approved CS Strategic Plan, and towards the key themes of the Programme for Government (the current PfG is set out here: [http://www.gov.scot/About/Performance/programme-for-government](http://www.gov.scot/About/Performance/programme-for-government)).

2016 is the Year of Innovation, Architecture and Design, a chance for us to shine a spotlight, celebrate and promote Scotland's rich and vibrant attributes in these areas. We would encourage you to work with key partners to maximise the opportunities provided by this
themed year; and to consider opportunities for activity to support the subsequent Years of History, Heritage and Archaeology in 2017 and Young People in 2018.

Culture has a vital role to play in enriching the lives of all Scotland’s communities and in promoting Scotland on the international stage as a modern dynamic nation. We will expect CS to consider the potential impact of resource expenditure on different people in society and across the “protected” grounds outlined in the Equality Act 2010 so that spend is optimised and to ensure equality of access to culture is protected and promoted

Budget

Your detailed budget for 2016-17, disaggregated in terms of the relevant expenditure classifications on the HM Treasury database, is shown in Annex A. In summary, your budget for 2016-17 is:

<table>
<thead>
<tr>
<th>Classification</th>
<th>2016-17 £000s</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource DEL – core</td>
<td>32,212</td>
<td>✔️</td>
</tr>
<tr>
<td>Resource DEL – ring-fenced (indicative)</td>
<td>14,028</td>
<td>✔️ ✔️</td>
</tr>
<tr>
<td>Ring-fenced (or “non cash”) DEL</td>
<td>220</td>
<td>✔️ ✔️</td>
</tr>
<tr>
<td>Capital DEL (indicative)</td>
<td>537</td>
<td>✔️</td>
</tr>
<tr>
<td>Financial Transactions</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>Total DEL</strong></td>
<td><strong>46,997</strong></td>
<td>✔️</td>
</tr>
<tr>
<td>Expenditure classed as AME</td>
<td>0</td>
<td>✔️</td>
</tr>
<tr>
<td><strong>Total budget</strong></td>
<td><strong>46,997</strong></td>
<td></td>
</tr>
</tbody>
</table>

**INDICATIVE REVISIONS**

<table>
<thead>
<tr>
<th>Classification</th>
<th>2016-17 £000s</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource DEL (YMI)</td>
<td>-2,482</td>
<td>☑️</td>
</tr>
</tbody>
</table>

1. DEL is the “Departmental Expenditure Limit” as defined by HM Treasury. The Scottish Government’s DEL budget limits are determined by the Barnett formula and are not negotiable.
2. Comprises wages and salaries and operating costs offset by trading and other resource income.
3. Ring-fenced DEL comprises depreciation, amortisation and impairment (if it does not qualify as AME – see below).
4. Comprises capital grants and additions to non-current assets offset by the net book value of disposals of non-current assets.
5. AME is “Annually Managed Expenditure”, which covers expenditure which HMT accepts is volatile and is therefore subject to different controls. Examples are some pension adjustments and some impairments.
6. These are indicative revisions which require to be made at ABR/SBR and are therefore subject to Parliamentary approval.

Transfers of budgetary provision **between** the classifications in the table above would require the prior approval of Scottish Government Finance. Any proposals for such transfers should therefore be submitted to the sponsor team. Transfers of budgetary provision **within** the classifications in the table above may be undertaken without reference to the Scottish Government, subject to any constraints on specific areas of expenditure e.g. the approved pay remit.

The Scottish Government is responsible for ensuring that the overall Scottish budget is managed effectively and within the limits set by the Scottish Parliament and HM Treasury. Core Scottish Government Directorates and sponsored/arms-length bodies, such as NDPBs must therefore secure SG Finance approval for discretionary spend projects or proposals as well as any expenditure arising from emerging underspends with a cost of £250,000 or greater in advance. [Note: This does not apply to Lottery Funding.] In noting your Annual Plan, Scottish Ministers approve your expenditure proposals for your non ring-fenced expenditure. Any change to those proposals is subject to further approvals as outlined above. The purpose of this process is to ensure that Scottish Ministers can prioritise
resources across the whole of Government and is not intended to override the Accountable Officer’s requirement to demonstrate value for money.

Your assumed trading and other resource income is £33.441m and the assumed net book value of disposals of non-current assets is £0. These amounts have been taken into account in arriving at the budget shown above. If the amounts realised or expected to be realised in-year are less than estimated, you shall, unless otherwise agreed with the sponsor team, ensure a corresponding reduction in your gross expenditure so that the agreed budget is not exceeded. Excluding income resulting from gifts, bequests or donations, if the amounts realised or expected to be realised in-year are more than estimated, you must discuss the financial impact with the sponsor team before using any excess to support additional expenditure.

**Specified Expenditure**
Within the Budget allocation for 2016-17, the following funding has been allocated:

- £10.000m for the Youth Music Initiative (YMI). Note: While the budget is £10m, we are aware that spend in 2016-17 will only be £7.518m, therefore a budget revision of -£2.482m will occur in-year to reflect actual expenditure.
- £1.800m for the Expo Fund.
- £0.500m for Creative Industries (within the core funding)
- £0.200m for a ring-fenced festivals grant to support Festivals Edinburgh’s activities.
- £0.300m for Arts and Business.
- £0.250m for National Youth Performing Arts Companies
- £0.163m has been allocated for the Cultural Enterprise Office.
- £0.415m for Sistema Scotland.
- £0.050m for WW1 projects, as agreed with the SG WW1 Commemorations team
- £0.050m for Get Scotland Dancing
- £0.800m for Cashback for Creativity Project
- £0.537m capital (including £500k reprofiled from 2015-16)

**Cashback for Creativity**
Payment of CashBack for Creativity grant is wholly subject to Creative Scotland fulfilling the terms and conditions set out in the Grant Offer letter signed by Scottish Ministers and then dated 20 June 2014. £0.800m is allocated in 2016-17, bringing the total grant (including 2014-15 and 2015-16) to £2.999m.

**Budget Monitoring**
Forecast outturn and spend to date for the financial year should be reported to the sponsor team by completing and submitting the budget forecast and monitoring spreadsheet in the attached Excel workbook. Initial forecasts should be provided by as soon as possible with the spreadsheet being completed and submitted monthly thereafter. Where appropriate (e.g. for depreciation) costs may be calculated on the basis of one twelfth of the budget for each month. A completed spreadsheet providing the position at the end of the financial year (31 March 2017) should be submitted to the sponsor team by 30 April 2017.

**Budget Revisions**
Ministers have to manage the Scottish budget in the light of pressures and savings that may arise during the financial year. And CS may itself experience pressures and savings. Such factors may make it necessary for Ministers to make changes (upwards or downwards) to the budget and associated grant in aid for your organisation. Where, exceptionally, any changes have to be made I shall keep you informed of Ministers’ intentions and give you the opportunity to comment.
Grant in Aid

As a result of current legislative provisions, Scottish Government funding for its sponsored bodies is shown in the annual Budget Act in terms of grant in aid i.e. the net cash figure required to support agreed budgets. The authorised cash grant in aid for CS for 2016-17 is £46.777m (before in-year revisions) Grant in aid should be (re)profiled and drawn down using the relevant spreadsheet in the attached Excel workbook. The figures should be updated monthly. You should submit an updated spreadsheet to the sponsor team at the beginning of each month providing details of grant in aid already drawn down, a profile of monthly grant in aid requirements for the remainder of the financial year and a note of the unrestricted cash reserves held at the end of the previous month.

The updated profiles will be used for monthly cash management forecasts provided to HM Treasury and as the basis for the payment of grant in aid - unless notification to the contrary is received by the sponsor team at least 10 days before payment is due to be made. The sponsor team will normally aim to make payments of grant in aid by the 15th of each month. Grant in aid should not be drawn down in advance of need. Unrestricted cash reserves held during the course of the year should be kept to the minimum level consistent with the efficient operation of the body - and the level of funds required to meet any liabilities at the year-end. At the end of the financial year, the sponsor team and CS will formally agree the total grant in aid attributable to that particular period.

We are aware that Creative Scotland will need to draw down approximately £7.8m more cash in year to reflect commitments from 2015-16 that are being paid out this year. We will consider what amendments require to be made to the Budget Act cash / grant-in-aid figures at the Autumn or Spring Budget Revisions.

Classification of Functions of Government

To meet HM Treasury reporting requirements we will also require an analysis of expenditure by the Classification of the Functions of Government (COFOG) e.g. categories such as subsidiary services to Education, Manufacturing, Law courts, Transport etc. for onward transmission to HM Treasury. For this purpose expenditure means gross expenditure, whether funded by grant in aid or by other income. Your sponsor team will seek to agree an estimated COFOG analysis of budgets at the start of each financial year. After the year end the team shall ask you to provide a COFOG analysis of the actual expenditure.

Issues Arising

If you have any questions arising from this letter, or if you foresee any financial issues developing in the course of the year, please do not hesitate to contact your sponsor team. The sponsor team will, where necessary, consult relevant Scottish Government Finance colleagues.

Yours sincerely

Michael Jackson
Sponsorship and Funding Team
Culture and Historic Environment Division
For and on behalf of Scottish Ministers
CREATIVE SCOTLAND: DETAILED BUDGET ALLOCATION 2016-17
(INCLUDING INDICATIVE REVISIONS)

<table>
<thead>
<tr>
<th>Budget on HMT database £000s</th>
<th>HMT Classification*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries 4,867</td>
<td>RDEL</td>
</tr>
<tr>
<td>(Gross) Operating costs 2,837</td>
<td>RDEL</td>
</tr>
<tr>
<td>Direct activity costs 0</td>
<td>RDEL</td>
</tr>
<tr>
<td>Grants to third parties 71,977</td>
<td>RDEL</td>
</tr>
<tr>
<td>Trading and other resource income (negative) (-33,441)</td>
<td>RDEL</td>
</tr>
<tr>
<td>In-year budget amendments -2,482</td>
<td>RDEL</td>
</tr>
<tr>
<td>Depreciation 220</td>
<td>Ring-fenced RDEL</td>
</tr>
<tr>
<td>Amortisation 0</td>
<td>Ring-fenced RDEL</td>
</tr>
<tr>
<td>Impairment (where not classed as AME) 0</td>
<td>Ring-fenced RDEL</td>
</tr>
<tr>
<td>Capital grants 537</td>
<td>CDEL</td>
</tr>
<tr>
<td>Capital additions to non-current assets (including investments) 0</td>
<td>CDEL</td>
</tr>
<tr>
<td>Net book value of disposals of non-current assets (including investments) (negative) 0</td>
<td>CDEL</td>
</tr>
<tr>
<td>Total net expenditure (as recognised by HMT) 44,515</td>
<td></td>
</tr>
</tbody>
</table>

* For a full explanation of HM Treasury’s budgeting rules see the current version of Consolidated Budgeting Guidance. “DEL” stands for Departmental Expenditure Limits, and is the more tightly controlled side of the government’s budget. It is split between resource (or revenue) “RDEL” and capital “CDEL”. Non cash budgets are ring fenced within RDEL, which means that (for example) any underspend on depreciation cannot be used to fund actual cash expenditure. “AME” stands for Annually Managed Expenditure, which covers expenditure which HMT accepts is volatile and is therefore subject to different controls.
Ur fadhla/Your ref :
Ar fadhla/Our ref :
14 July 2016

Dear Sir John

BUDGET ALLOCATION AND MONITORING: 2016-17

Purpose

I am writing, on behalf of the Scottish Ministers, to confirm the budget and associated grant in aid allocated to the National Galleries of Scotland (NGS) for 2016-17, and to provide guidance on related matters. This letter also sets out the arrangements for monitoring the budget and for (re)profiling and drawing down grant in aid. The use of resources must be in accordance with the agreed corporate plans, NGS’s framework document, and any relevant guidance issued by the Scottish Ministers, in particular the Scottish Public Finance Manual. Relevant guidance may also include the setting out, from time to time, of expectations for the way that NGS operates in support of Ministers’ policy aims and objectives for the public sector as a whole.

Ministerial Priorities

Grant-in-aid is paid to enable the National Galleries of Scotland to fulfil its statutory functions and to deliver Scottish Ministers’ strategic objectives that underpin its core purpose - to create a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth. The 5 strategic objectives are Wealthier and Fairer, Healthier, Safer and Stronger, Smarter, and Greener - http://www.gov.scot/About/Performance/purposestratobjs

NGS will contribute to the National Outcomes and National Performance Framework as set out in the approved 2016-20 NGS Corporate Plan, and towards the key themes of the Programme for Government http://www.gov.scot/About/Performance/programme-for-government

2016 is the Year of Innovation, Architecture and Design, a chance for us to shine a spotlight, celebrate and promote Scotland’s rich and vibrant attributes in these areas. We would encourage you to work with key partners to maximise the opportunities provided by this themed year; and to consider opportunities for activity to support the subsequent Years of History, Heritage and Archaeology in 2017 and Young People in 2018.
NGS will follow the guidance set out in the Scottish Public Finance Manual, where that does not conflict with NGS’s obligations under charities legislation, or any agreed freedoms set out in NGS’s framework document recently approved by Scottish Ministers.

Culture has a vital role to play in enriching the lives of all Scotland’s communities and in promoting Scotland on the international stage as a modern dynamic nation. We will expect NGS to consider the potential impact of resource expenditure on different people in society and across the “protected” grounds as outlined in the Equality Act 2010 to ensure equality of access to culture is protected and promoted.

Budget

Your detailed budget for 2016-17, disaggregated in terms of the relevant expenditure classifications on the HM Treasury database, is shown in Annex A. In summary, your budget for 2016-17 is:

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource DEL</td>
<td>12,895</td>
<td>①②</td>
</tr>
<tr>
<td>Ring-fenced (or “non cash”) DEL</td>
<td>2,025</td>
<td>①③</td>
</tr>
<tr>
<td>Capital DEL (Purchases)</td>
<td>200</td>
<td>①④</td>
</tr>
<tr>
<td>Capital DEL</td>
<td>2,250</td>
<td>①④</td>
</tr>
<tr>
<td>Non-cash DEL cover</td>
<td>0</td>
<td>①⑥</td>
</tr>
<tr>
<td><strong>Total DEL</strong></td>
<td><strong>17,370</strong></td>
<td>①</td>
</tr>
<tr>
<td>Expenditure classified as AME</td>
<td>0</td>
<td>①⑨</td>
</tr>
<tr>
<td><strong>Total budget</strong></td>
<td><strong>17,370</strong></td>
<td></td>
</tr>
</tbody>
</table>

① DEL is the “Departmental Expenditure Limit” as defined by HM Treasury. The Scottish Government’s DEL budget limits are determined by the Barnett formula and are not negotiable.
② Comprises wages and salaries and operating costs offset by trading and other resource income.
③ Ring fenced DEL comprises depreciation, amortisation and impairment (if it does not qualify as AME – see below).
④ Comprises capital grants and additions to non-current assets offset by the net book value of disposals of non-current assets.
⑤ AME is “Annually Managed Expenditure”, which covers expenditure which HMT accepts is volatile and is therefore subject to different controls. Examples are some pension adjustments and some impairments.

Transfers of budgetary provision **between** the 4 classifications in the table above (Resource DEL, non-cash, Capital DEL, AME) would require the prior approval of Scottish Government Finance. Any proposals for such transfers should therefore be submitted to the sponsor team. Transfers of budgetary provision **within** the classifications in the table above may be undertaken without reference to the Scottish Government, subject to any constraints on specific areas of expenditure e.g. the approved pay remit.

The Scottish Government is responsible for ensuring that the overall Scottish budget is managed effectively and within the limits set by the Scottish Parliament and HM Treasury. Core Scottish Government Directorates and sponsored/arms-length bodies, such as NDPB’s must therefore secure approval for new, in-year discretionary spend projects or proposals with a cost of £250,000 or greater in advance. This does not apply to spend funded by donations, bequests or grant funding from other sources or fundraising for specific projects. The purpose of this process is to ensure that Scottish Ministers can prioritise resources across the whole of Government and is not intended to override the Accountable Officer’s requirement to demonstrate value for money.

Your assumed trading and other resource income in 2016-17 is **£3,444m** and the assumed net book value of disposals of non-current assets is £0. These amounts have been taken into account in...
arriving at the budget shown above. If the amounts realised or expected to be realised in-year are less than estimated, you shall normally, unless otherwise agreed with the sponsor team, ensure a corresponding reduction in your gross expenditure so that the agreed budget is not exceeded. When a reduction in forecast income is only realised late in the year, you shall discuss with the sponsor team how this is to be managed.

Excluding income resulting from grants, gifts, bequests or donations (including gift aid on these), if the amounts realised or expected to be realised in-year are significantly more than estimated, you must discuss the financial impact with the sponsor team before using any excess to support additional expenditure. Any variance of £250k or more should be deemed significant. The sponsor team should still be kept informed of additional income below this level. The sponsor team should also be made aware of any governance issues which surround any additional income.

Specified Expenditure

Within the capital budget for 2015-16, funding of £0.200m has been allocated for purchase grant. NGS may subsidise their purchases with funding from the allocated revenue grant.

Capital funding also includes £1.5m for capitalised repairs, maintenance and upgrade of the NGS estate and £750k for Phase 1 of the National Collections facility at Granton. The Scottish Government may require NGS to provide monthly reports to the Scottish Government on these projects, in which case we will agree with you the format which these reports should take.

Environmental Requirements

The Scottish Government recognises that NGS is making progress in attempting to reduce its carbon footprint. NGS should continue to make efforts to reduce its CO2 emissions in line with both the NGS Carbon Management Plan and the NPF outcome on reducing the local and global environmental impact. We will not require any additional reporting to be done on this relative to this budget allocation letter.

Budget Monitoring

Forecast outturn and spend to date for the financial year should be reported to the sponsor team by completing and submitting the budget forecast and monitoring spreadsheet in the attached Excel workbook. The spreadsheet should be completed and submitted with every monthly grant in aid claim. Where appropriate (e.g. for depreciation) costs may be calculated on the basis of one twelfth of the budget for each month. A completed spreadsheet providing the position at the end of the financial year (31 March 2017) should be submitted to the sponsor team by 30 April 2017.

Budget Revisions

Ministers have to manage the Scottish budget in the light of pressures and savings that may arise during the financial year and NGS may itself experience pressures and savings. Such factors may make it necessary for Ministers to make changes (upwards or downwards) to the budget and associated grant in aid for your organisation. Where, exceptionally, any changes have to be made I shall keep you informed of Ministers’ intentions and give you the opportunity to comment.

Grant in Aid

As a result of current legislative provisions, Scottish Government funding for its sponsored bodies is shown in the annual Budget Act in terms of grant in aid i.e. the net cash figure required to support agreed budgets. The authorised cash grant in aid for NGS for 2015-16 is £15,345m. Grant in aid should be (re)profiled and drawn down using the relevant spreadsheet in the attached Excel workbook. The profile should be updated as necessary. You should submit an updated spreadsheet to the sponsor team at the beginning of each month providing details of grant in aid already drawn down, a profile of monthly grant in aid requirements for the remainder of the financial year and a note
of the unrestricted cash reserves held at the end of the previous month (setting aside historic reserves).

The updated profiles will be used for monthly cash management forecasts provided to HM Treasury and as the basis for the payment of grant in aid - unless notification to the contrary is received by the sponsor team at least 10 days before payment is due to be made. The sponsor team will normally aim to make payments of grant in aid by the 15th of each month. Grant in aid should not be drawn down in advance of need. Unrestricted cash reserves held during the course of the year should be kept to the minimum level consistent with the efficient operation of the body (although we note, in this instance, the position with historic reserves) - and the level of funds required to meet any liabilities at the year-end. At the end of the financial year, the sponsor team and NGS will formally agree the total grant in aid attributable to that particular period.

Classification of Functions of Government

To meet HM Treasury reporting requirements we will also require an analysis of expenditure by the Classification of the Functions of Government (COFOG) e.g. categories such as subsidiary services to Education, Manufacturing, Law courts, Transport etc. for onward transmission to HM Treasury. For this purpose expenditure means gross expenditure, whether funded by grant in aid or by other income. Your sponsor team will seek to agree an estimated COFOG analysis of budgets at the start of each financial year. After the year end the team shall ask you to provide a COFOG analysis of the actual expenditure.

Issues Arising

If you have any questions arising from this letter, or if you foresee any financial issues developing in the course of the year, please do not hesitate to contact your sponsor team. The sponsor team will, where necessary, consult relevant Scottish Government Finance colleagues.

Yours sincerely

David Seers
Head of Sponsorship and Funding
Culture and Historic Environment Division
For and on behalf of Scottish Ministers
## NATIONAL GALLERIES OF SCOTLAND: DETAILED BUDGET ALLOCATION 2015-16  
(INCLUDING INDICATIVE REVISIONS)

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget on HMT database £000s</th>
<th>HMT Classification*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>10,550</td>
<td>RDEL</td>
</tr>
<tr>
<td>(Gross) Operating costs</td>
<td>5,790</td>
<td>RDEL</td>
</tr>
<tr>
<td>Trading and other resource income (negative)</td>
<td>(3,444)</td>
<td>RDEL</td>
</tr>
<tr>
<td>Depreciation</td>
<td>2,025</td>
<td>Ring-fenced RDEL</td>
</tr>
<tr>
<td>Amortisation</td>
<td>0</td>
<td>Ring-fenced RDEL</td>
</tr>
<tr>
<td>Impairment (where not classed as AME)</td>
<td>0</td>
<td>Ring-fenced RDEL</td>
</tr>
<tr>
<td>Non-cash DEL cover</td>
<td></td>
<td>Ring-fenced RDEL</td>
</tr>
<tr>
<td>Provisions etc (where agreed as being classed as AME)</td>
<td>0</td>
<td>AME</td>
</tr>
<tr>
<td>Accruing pension liability (where agreed as being classed as AME)</td>
<td>0</td>
<td>AME</td>
</tr>
<tr>
<td>Impairments (where agreed as being classed as AME)</td>
<td>0</td>
<td>AME</td>
</tr>
<tr>
<td>Capital grants</td>
<td>200</td>
<td>CDEL</td>
</tr>
<tr>
<td>Capital additions to non-current assets (including investments)</td>
<td>2,250</td>
<td>CDEL</td>
</tr>
<tr>
<td>Net book value of disposals of non-current assets (including investments)</td>
<td>(0)</td>
<td>CDEL</td>
</tr>
<tr>
<td>Total net expenditure</td>
<td>17,370</td>
<td></td>
</tr>
<tr>
<td>Total net expenditure as recognised by HMT</td>
<td>17,370</td>
<td></td>
</tr>
</tbody>
</table>

* For a full explanation of HM Treasury’s budgeting rules see the current version of Consolidated Budgeting Guidance. “DEL” stands for Departmental Expenditure Limits, and is the more tightly controlled side of the government's budget. It is split between resource (or revenue) “RDEL” and capital “CDEL”. Non cash budgets are ring fenced within RDEL, which means that (for example) any underspend on depreciation cannot be used to fund actual cash expenditure. “AME” stands for Annually Managed Expenditure, which covers expenditure which HMT accepts is volatile and is therefore subject to different controls.
Dear Malcolm,

BUDGET ALLOCATION AND MONITORING: 2016-17

Purpose

I am writing, on behalf of the Scottish Ministers, to confirm the budget and associated grant-in-aid allocated to VisitScotland (VS) for 2016-17. This letter also sets out the arrangements for monitoring the budget and for (re)profiling and drawing down grant-in-aid. The use of resources must be in accordance with the agreed Operating Plan, the Framework Agreement between VS and the Scottish Government's Directorate for Economic Development, and any relevant guidance issued by the Scottish Ministers, including, in particular, the Scottish Public Finance Manual.

Budget

Your detailed budget for 2016-17, disaggregated in terms of the relevant expenditure classifications on the HM Treasury database, is shown in Annex A. In summary, your budget is:

<table>
<thead>
<tr>
<th>Classification</th>
<th>£000s</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource DEL</td>
<td>45,840</td>
<td></td>
</tr>
<tr>
<td>Ring-fenced (or “non cash”) DEL</td>
<td>2,200</td>
<td></td>
</tr>
<tr>
<td>Tourism Special Projects</td>
<td>400</td>
<td></td>
</tr>
<tr>
<td>Capital DEL</td>
<td>700</td>
<td></td>
</tr>
<tr>
<td>Total DEL</td>
<td>49,140</td>
<td></td>
</tr>
<tr>
<td>Expenditure classed as AME</td>
<td>TBC</td>
<td></td>
</tr>
<tr>
<td>Total budget (per HMT database)</td>
<td>49,140</td>
<td></td>
</tr>
</tbody>
</table>

11 May 2016
DEL is the “Departmental Expenditure Limit” as defined by HM Treasury. The Scottish Government’s DEL budget limits are determined by the Barnett formula and are not negotiable.

Comprises wages and salaries and operating costs offset by trading and other resource income.

Ring fenced DEL comprises depreciation, amortisation and impairment (if it does not qualify as AME – see below).

This supports a range of tourism related activities and events plus general tourism development.

Comprises capital grants and additions to non-current assets offset by the net book value of disposals of non-current assets.

AME is “Annually Managed Expenditure”, which covers expenditure which HMT accepts is volatile and is therefore subject to different controls. Examples are some pension adjustments and some impairments.

Transfers of budgetary provision between the classifications in the table above require the prior approval of Scottish Government Finance. Any proposals for such transfers should therefore be submitted to the sponsor team. Transfers of budgetary provision within the classifications in the table above may be undertaken without reference to the Scottish Government, subject to any constraints on specific areas of expenditure e.g. the approved pay remit.

If you wish to transfer available resources from operational costs (Block A) to management and administrative costs (Block B) (i.e. to spend more on management and administrative costs - including staff costs - than the sums set out in the agreed revised Operating Plan for 2013-17), you must seek the Directorate’s approval as outlined in paragraph 1.5 (iii) of Part 3 of the Framework Agreement between VS and the Scottish Government’s Directorate for Economic Development.

Your original assumed trading and other resource income, to be set out in the revised Operating Plan for 2013-17, is £10,430,000. This amount was taken into account in arriving at the budget shown in the table above. If the amounts realised or expected to be realised in-year are less than estimated, you shall, unless otherwise agreed with the sponsor team, ensure a corresponding reduction in your gross expenditure so that the agreed budget is not exceeded. Excluding income resulting from gifts, bequests or donations, if the amounts realised or expected to be realised in-year are more than estimated, you must seek the prior approval of the sponsor team before using any excess to support additional expenditure.

Budget Monitoring

Forecast outturn and spend to date for the financial year should be reported to the sponsor team by completing and submitting the budget forecast and monitoring spreadsheet issued monthly by the Scottish Government’s Finance Directorate. As always, initial forecasts are requested and should be provided as soon as possible before or just after the start of the financial year. Where appropriate (e.g. for depreciation), costs may be calculated on the basis of one twelfth of the budget for each month.

Budget Revisions

Ministers have to manage the Scottish budget in the light of pressures and savings that may arise during the financial year. VS may also itself experience pressures and savings. Such factors may make it necessary for Ministers to make changes (upwards or downwards) to the budget and associated grant-in-aid for your organisation. Where, exceptionally, any changes have to be made, the sponsorship team will keep you informed of Ministers’ intentions and give you the opportunity to comment.
Strategic Forum Savings

VS’s budget for 2016-17 will be reduced by £5,44m as your contribution to the savings required of the Strategic Forum partners, calculated on the same percentage share as 2015-16. This budget reduction should, of course, have been reflected in your expenditure planning from the start of the financial year.

Grant-in-Aid

As a result of current legislative provisions, Scottish Government funding for its sponsored bodies is shown in the annual Budget Act in terms of grant-in-aid, i.e. the net cash figure required to support agreed budgets. The authorised cash grant-in-aid for VS for 2016-17 is £46,940,000. Grant-in-aid should be drawn down in line with the initial profile provided at the start of the financial year, with the figures being updated monthly, as necessary. You should submit an updated profile to the sponsor team with each claim for grant-in-aid, providing details of grant-in-aid already drawn down, a profile of monthly grant-in-aid requirements for the remainder of the financial year and a note of the unrestricted cash reserves held at the end of the previous month. The updated profiles will also be used for monthly cash management forecasts provided to HM Treasury.

Grant-in-aid should not be drawn down in advance of need. Unrestricted cash reserves held during the course of the year should be kept to the minimum level consistent with the efficient operation of VS - and the level of funds required to meet any liabilities at the year-end. At the end of the financial year, the sponsor team and VS will formally agree the total grant-in-aid attributable to that particular period.

Issues Arising

If you have any questions on your budget allocation, or if you foresee any financial issues developing in the course of the year, please do not hesitate to contact your sponsorship team. The sponsor team will, where necessary, consult relevant Scottish Government Finance colleagues.

This letter has been copied to Ken Neilson and Merv Brown and to my colleague Derek Glover in the Scottish Government’s Finance Directorate.

Yours sincerely

OONAGH GIL
## VISITSCOTLAND: DETAILED BUDGET ALLOCATION 2016-17

<table>
<thead>
<tr>
<th>Budget on HMT database</th>
<th>HMT Classification*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>£000s</strong></td>
<td></td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>20,520 RDEL</td>
</tr>
<tr>
<td>(Gross) Operating costs</td>
<td>36,150 RDEL</td>
</tr>
<tr>
<td>Trading and other resource income (negative)</td>
<td>(10,430) RDEL</td>
</tr>
<tr>
<td>Depreciation</td>
<td>2,200 Ring-fenced RDEL</td>
</tr>
<tr>
<td>Amortisation</td>
<td>X Ring-fenced RDEL</td>
</tr>
<tr>
<td>Impairment (where not classed as AME)</td>
<td>X Ring-fenced RDEL</td>
</tr>
<tr>
<td>Provisions etc (where agreed as being classed as AME)</td>
<td>X AME</td>
</tr>
<tr>
<td>Accruing pension liability (where agreed as being classed as AME)</td>
<td>X AME</td>
</tr>
<tr>
<td>Impairments (where agreed as being classed as AME)</td>
<td>X AME</td>
</tr>
<tr>
<td>Capital grants</td>
<td>700 CDEL</td>
</tr>
<tr>
<td>Capital additions to non-current assets (including investments)</td>
<td>CDEL</td>
</tr>
<tr>
<td>Net book value of disposals of non-current assets (including investments) (negative)</td>
<td>(X) CDEL</td>
</tr>
<tr>
<td><strong>Total net expenditure (as recognised by HMT)</strong></td>
<td><strong>49,140</strong></td>
</tr>
</tbody>
</table>

* For a full explanation of HM Treasury’s budgeting rules see the current version of Consolidated Budgeting Guidance. “DEL” stands for Departmental Expenditure Limits, and is the more tightly controlled side of the government’s budget. It is split between resource (or revenue) “RDEL” and capital “CDEL”. Non cash budgets are ring fenced within RDEL, which means that (for example) any underspend on depreciation cannot be used to fund actual cash expenditure. “AME” stands for Annually Managed Expenditure, which covers expenditure which HMT accepts is volatile and is therefore subject to different controls.
31 March 2016

Dear David,

BUDGET ALLOCATION AND MONITORING: 2016-17

Purpose

I am writing, on behalf of the Scottish Ministers, to confirm the budget and associated grant in aid allocated to Historic Environment Scotland (HES) for 2016-17, and to provide guidance on related matters. The use of resources must be in accordance with the corporate plan, HES’s Framework Document and any relevant guidance issued by the Scottish Ministers, in particular the Scottish Public Finance Manual. Relevant guidance may also include the setting out, from time to time, of expectations for the way that HES operates in support of Ministers’ policy aims and objectives for the public sector as a whole.

Ministerial Priorities

Grant-in-aid is paid to enable Historic Environment Scotland to fulfil its statutory functions and to deliver Scottish Ministers’ strategic objectives which underpin their core purpose: to create a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth.

The 5 strategic objectives are Wealthier and Fairer, Healthier, Safer and Stronger, Smarter, and Greener - [http://www.gov.scot/About/Performance/purposestratobjs](http://www.gov.scot/About/Performance/purposestratobjs).

HES will contribute to the National Outcomes and National Performance Framework, as set out in the approved 2016-20 HES Strategic Plan, and towards the key themes of the Programme for Government ([http://www.gov.scot/About/Performance/programme-for-government](http://www.gov.scot/About/Performance/programme-for-government)).

2016 is the Year of Innovation, Architecture and Design, a chance for us to shine a spotlight, celebrate and promote Scotland’s rich and vibrant attributes in these areas. We would encourage you to work with key partners to maximise the opportunities provided by
this themed year; to take a central role in activity to support the subsequent Year of History, Heritage and Archaeology in 2017; and to consider opportunities for activity to support the Year of Young People in 2018.

HES will follow the guidance set out in the Scottish Public Finance Manual, where that does not conflict with HES’s obligations under charities legislation. We have undertaken to review HES’s framework document following a full year of operation, about which I will write to you separately.

Scotland’s historic environment has a central role to play in enriching the lives of all Scotland’s communities and in promoting Scotland on the international stage as a modern dynamic nation. Scottish Ministers expect HES to consider the potential impact of resource expenditure on different people in society and across the “protected” grounds outlined in the Equality Act 2010 so that spend is optimised and to ensure equality of access to our historic environment is protected and promoted.

Budget

Your detailed budget for 2016-17, disaggregated in terms of the relevant expenditure classifications on the HM Treasury database, is shown in Annex A. In summary, your budget for 2016-17 is:

<table>
<thead>
<tr>
<th>2016-17</th>
<th>£000s</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BUDGET</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resource DEL</td>
<td>38,330</td>
<td>1,2</td>
</tr>
<tr>
<td>Ring-fenced (or “non cash”) DEL</td>
<td>3,285</td>
<td>1,3</td>
</tr>
<tr>
<td>Capital DEL</td>
<td>3,400</td>
<td>1,4</td>
</tr>
<tr>
<td><strong>Total DEL</strong></td>
<td><strong>45,015</strong></td>
<td></td>
</tr>
<tr>
<td>Expenditure classed as AME</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total budget</strong></td>
<td><strong>45,015</strong></td>
<td></td>
</tr>
<tr>
<td>Indicative Revisions (ABR)</td>
<td>50</td>
<td>1,6</td>
</tr>
<tr>
<td><strong>Total Revised budget</strong></td>
<td><strong>45,065</strong></td>
<td></td>
</tr>
</tbody>
</table>

1 DEL is the “Departmental Expenditure Limit” as defined by HM Treasury. The Scottish Government’s DEL budget limits are determined by the Barnett formula and are not negotiable.
2 Comprises wages and salaries and operating costs offset by trading and other resource income.
3 Ring fenced DEL comprises depreciation, amortisation and impairment (if it does not qualify as AME – see below).
4 Comprises capital grants and additions to non-current assets offset by the net book value of disposals of non-current assets.
5 AME is “Annually Managed Expenditure”, which covers expenditure which HMT accepts is volatile and is therefore subject to different controls. Examples are some pension adjustments and some impairments.

Transfers of budgetary provision between cash and non-cash, or from capital to revenue, in the table above are not allowed. Transfers from revenue to capital are permitted under the terms of the existing HES Framework Document with the prior agreement of the Scottish Government. Any proposals for such transfers should therefore be submitted to
the sponsor team. Transfers of budgetary provision within the classifications in the table above may be undertaken without reference to the Scottish Government, subject to any constraints on specific areas of expenditure e.g. the approved pay remit.

The capital allocation for 2015-16 is £6,685,000, of which £3,285,000 is Non-Cash capital DEL. The Sponsor team should be informed of the planned use of the balance of that funding (£3,400,000) in advance of it being committed. The budget will be revised at ABR to include £0.05m which has been agreed for refurbishment of the Theatre Royal, Dumfries.

The Scottish Government is responsible for ensuring that the overall Scottish budget is managed effectively and within the limits set by the Scottish Parliament and HM Treasury. Core Scottish Government Directorates and sponsored / arms-length bodies, such as NDPB’s must therefore secure approval for discretionary spend projects or proposals with a cost of £250,000 or greater in advance. The purpose of this process is to ensure that Scottish Ministers can prioritise resources across the whole of Government and is not intended to override the Accountable Officer’s requirement to demonstrate value for money.

Your revised trading and other resource income is estimated at £39,960,000 and the assumed net book value of disposals of non-current assets is £0. These amounts have been taken into account in arriving at the budget shown above. If the amounts realised or expected to be realised in-year are less than estimated, you shall, unless otherwise agreed with the sponsor team, ensure a corresponding reduction in your gross expenditure so that the agreed budget is not exceeded. Excluding income resulting from gifts, bequests or donations, if the amounts realised or expected to be realised in-year are more than estimated, you must discuss the financial impact with the sponsor team before using any excess to support additional expenditure.

**Specified Expenditure**

Resource DEL includes:
- £14.5m for approved grant schemes

Capital funding includes:
- £1m, which is the balance of Scottish Government’s commitment to fund the Engine Shed project;
- £0.5m initial funding towards development plans for Edinburgh Castle; and
- £1.9m towards priority investment and maintenance for HES Properties in Care.
- £0.05m for Theatre Royal, Dumfries (ABR Revision).

HES should provide monthly reports to the Scottish Government on the disbursement of approved grant funding, the Engine Shed and other specified expenditure projects. This information should accompany the monthly budget monitoring return.

**Environmental Requirements**

The Scottish Government recognises that HES is working hard to make progress in reducing its carbon footprint. HES should continue to make efforts to reduce its CO2 emissions in line with both the HES Carbon Management Plan and the NPF outcome on reducing the local and global environmental impact. We will not require any additional reporting to be done on this relative to this budget allocation letter.
Budget Monitoring

Forecast outturn and spend to date for the financial year should be reported to the sponsor team by completing and submitting the budget forecast and monitoring spreadsheet in the attached Excel workbook. Initial forecasts have been provided by HES and the spreadsheet must be completed and submitted monthly thereafter. Where appropriate (e.g. for depreciation) costs may be calculated on the basis of one twelfth of the budget for each month. A completed spreadsheet providing the position at the end of the financial year (31 March 2017) should be submitted to the sponsor team by 30 April 2017.

Budget Revisions

Ministers have to manage the Scottish budget in the light of pressures and savings that may arise during the financial year. And HES may itself experience pressures and savings. Such factors may make it necessary for Ministers to make changes (upwards or downwards) to the budget and associated grant in aid for your organisation. Where, exceptionally, any changes have to be made I shall keep you informed of Ministers’ intentions and give you the opportunity to comment.

Grant in Aid

As a result of current legislative provisions, Scottish Government funding for its sponsored bodies is shown in the annual Budget Act in terms of grant in aid i.e. the net cash figure required to support agreed budgets. The authorised cash grant in aid for HES for 2016-17 is £41,780m. Grant in aid should be (re)profiled and drawn down using the relevant spreadsheet in the attached Excel workbook. An initial profile has been provided and the figures should be updated monthly, as necessary. You should submit an updated spreadsheet to the sponsor team at the beginning of each month providing details of grant in aid already drawn down, a profile of monthly grant in aid requirements for the remainder of the financial year and a note of the unrestricted cash reserves held at the end of the previous month.

The updated profiles will be used for monthly cash management forecasts provided to HM Treasury and as the basis for the payment of grant in aid - unless notification to the contrary is received by the sponsor team at least 10 days before payment is due to be made. The sponsor team will normally aim to make payments of grant in aid by the 15th of each month. Grant in aid should not be drawn down in advance of need. Unrestricted cash reserves held during the course of the year should be kept to the minimum level consistent with the efficient operation of the body - and the level of funds required to meet any liabilities at the year-end. At the end of the financial year, the sponsor team and HES will formally agree the total grant in aid attributable to that particular period.

Classification of Functions of Government

To meet HM Treasury reporting requirements we will also require an analysis of expenditure by the Classification of the Functions of Government (COFOG) e.g. categories such as subsidiary services to Education, Manufacturing, Law courts, Transport etc. for onward transmission to HM Treasury. For this purpose expenditure means gross expenditure, whether funded by grant in aid or by other income. Your sponsor team will seek to agree an estimated COFOG analysis of budgets at the start of each financial year. After the year end the team shall ask you to provide a COFOG analysis of the actual expenditure.
Issues Arising

If you have any questions arising from this letter, or if you foresee any financial issues developing in the course of the year, please do not hesitate to contact me or Matthew Bird in the sponsor team. The sponsor team will, where necessary, consult relevant Scottish Government Finance colleagues.

Yours sincerely

BY E-MAIL

David Seers
Head of Sponsorship and Funding Team
Culture and Historic Environment Division
For and on behalf of Scottish Ministers
## ANNEX A

### HISTORIC ENVIRONMENT SCOTLAND: DETAILED BUDGET 2016-17

<table>
<thead>
<tr>
<th>Budget on HMT database</th>
<th>Indicative revised budget (ABR)</th>
<th>HMT Classification*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000s</td>
<td>£000s</td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>35,000</td>
<td>39,500</td>
</tr>
<tr>
<td>Operating costs</td>
<td>29,290</td>
<td>24,290</td>
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<tr>
<td>Grants to 3rd Parties</td>
<td>14,000</td>
<td>14,500</td>
</tr>
<tr>
<td>Trading and other resource income (negative)</td>
<td>-39,960</td>
<td>-39,960</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,285</td>
<td>2,100</td>
</tr>
<tr>
<td>Amortisation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impairment (where not classed as AME)</td>
<td>2,000</td>
<td>1,185</td>
</tr>
<tr>
<td>Provisions etc (where agreed as being classed as AME)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accruing pension liability (where agreed as being classed as AME)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impairments (where agreed as being classed as AME)</td>
<td></td>
<td></td>
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<tr>
<td>Direct Capital</td>
<td>3,400</td>
<td>3,400</td>
</tr>
<tr>
<td>Capital grants:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Grants to 3rd parties</td>
<td>0</td>
<td>50</td>
</tr>
<tr>
<td>Capital Grants / Income (negative)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital additions to non-current assets (including investments)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net book value of disposals of non-current assets (including investments) (negative)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total net expenditure (as recognised by HMT)</td>
<td>45,015</td>
<td>45,065</td>
</tr>
</tbody>
</table>

* For a full explanation of HM Treasury’s budgeting rules see the current version of [Consolidated Budgeting Guidance](#). “DEL” stands for Departmental Expenditure Limits, and is the more tightly controlled side of the government’s budget. It is split between resource (or revenue) “RDEL” and capital “CDEL”. Non cash budgets are ring fenced within RDEL, which means that (for example) any underspend on depreciation cannot be used to fund actual cash expenditure. “AME” stands for Annually Managed Expenditure, which covers expenditure which HMT accepts is volatile and is therefore subject to different controls.
Dear Dr Scally

Chief Executive
National Library of Scotland
George IV Bridge
Edinburgh
EH1 1EW

30 March 2016

Dear Dr Scally

BUDGET ALLOCATION AND MONITORING: 2016-17

Purpose

I am writing, on behalf of the Scottish Ministers, to confirm the budget and associated grant in aid allocated to the National Library of Scotland (NLS) for 2016-17, and to provide guidance on related matters. This letter also sets out the arrangements for monitoring the budget and for profiling and drawing down grant in aid. The use of resources must be in accordance with the agreed corporate plans, NLS’s framework document, and any relevant guidance issued by the Scottish Ministers, in particular the Scottish Public Finance Manual. Relevant guidance may also include the setting out, from time to time, of expectations for the way that NLS operates in support of Ministers’ policy aims and objectives for the public sector as a whole.

Ministerial Priorities

Grant-in-aid is paid to enable the National Library of Scotland to fulfil its statutory functions and to deliver Scottish Ministers' strategic objectives that underpin its core purpose - to create a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth. The 5 strategic objectives are Wealthier and Fairer, Healthier, Safer and Stronger, Smarter, and Greener - http://www.gov.scot/About/Performance/purposestratobjs

NLS will contribute to the National Outcomes and National Performance Framework as set out in the approved NLS Corporate Plan, and towards the key themes of the Programme for Government http://www.gov.scot/About/Performance/programme-for-government.

2016 is the Year of Innovation, Architecture and Design, a chance for us to shine a spotlight, celebrate and promote Scotland’s rich and vibrant attributes in these areas. We would...
encourage you to work with key partners to maximise the opportunities provided by this themed year; and to consider opportunities for activity to support the subsequent Years of History, Heritage and Archaeology in 2017 and Young People in 2018.

NLS will follow the guidance set out in the Scottish Public Finance Manual, where that does not conflict with NLS’s obligations under charities legislation.

Culture has a vital role to play in enriching the lives of all Scotland’s communities and in promoting Scotland on the international stage as a modern dynamic nation. We will expect NLS to consider the potential impact of resource expenditure on different people in society and across the “protected” grounds outlined in the Equality Act 2010 to ensure equality of access to culture is protected and promoted

Budget

Your detailed budget for 2015-16, disaggregated in terms of the relevant expenditure classifications on the HM Treasury database, is shown in Annex A. In summary, your budget for 2015-16 is:

<table>
<thead>
<tr>
<th></th>
<th>2016-17 budget</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resource DEL</td>
<td>13,180</td>
<td>①②</td>
</tr>
<tr>
<td>Ring-fenced (or “non cash”) DEL</td>
<td>2,600</td>
<td>③</td>
</tr>
<tr>
<td>Capital DEL</td>
<td>7,000</td>
<td>④</td>
</tr>
<tr>
<td><strong>Total DEL</strong></td>
<td><strong>22,780</strong></td>
<td>⑤</td>
</tr>
<tr>
<td>Expenditure classed as AME</td>
<td></td>
<td>⑥</td>
</tr>
<tr>
<td><strong>Total budget</strong></td>
<td><strong>22,780</strong></td>
<td></td>
</tr>
</tbody>
</table>

① DEL is the “Departmental Expenditure Limit” as defined by HM Treasury. The Scottish Government’s DEL budget limits are determined by the Barnett formula and are not negotiable.
② Comprises wages and salaries and operating costs offset by trading and other resource income.
③ Ring fenced DEL comprises depreciation, amortisation and impairment (if it does not qualify as AME – see below).
④ Comprises capital grants and additions to non-current assets offset by the net book value of disposals of non-current assets.
⑤ AME is “Annually Managed Expenditure”, which covers expenditure which HMT accepts is volatile and is therefore subject to different controls. Examples are some pension adjustments and some impairments.
⑥ These are indicative revisions which require to be made at ABR/SBR and are therefore subject to Parliamentary approval.

Transfers of budgetary provision **between** the classifications in the table above would require the prior approval of Scottish Government Finance. Any proposals for such transfers should therefore be submitted to the sponsor team. Transfers of budgetary provision **within** the classifications in the table above may be undertaken without reference to the Scottish Government, subject to any constraints on specific areas of expenditure e.g. the approved pay remit.

The Scottish Government is responsible for ensuring that the overall Scottish budget is managed effectively and within the limits set by the Scottish Parliament and HM Treasury. Core Scottish Government Directorates and sponsored/arms-length bodies, such as NDPB’s
must therefore secure approval for discretionary spend projects or proposals with a cost of £250,000 or greater in advance. The purpose of this process is to ensure that Scottish Ministers can prioritise resources across the whole of Government and is not intended to override the Accountable Officer's requirement to demonstrate value for money. This process does not apply to donations and legacies.

Your assumed trading and other resource income is £1,934,000 and the assumed net book value of disposals of non-current assets is £0. These amounts have been taken into account in arriving at the budget shown above. If the amounts realised or expected to be realised in-year are less than estimated, you shall, unless otherwise agreed with the sponsor team, ensure a corresponding reduction in your gross expenditure so that the agreed budget is not exceeded. Excluding income resulting from grants, gifts, bequests or donations, if the amounts realised or expected to be realised in-year are more than estimated, you must discuss the financial impact with the sponsor team before using any excess to support additional expenditure.

**Specified Expenditure**

Within the capital budget for 2016-17, funding of £1.00m has been allocated for purchase grant. NLS may subsidise their purchases with funding from the allocated revenue grant.

Capital funding also includes:

- £2.500m to commence Phase 2 of the remedial works at the Causewayside Building.
- £3.000m towards the Kelvinhall project.
- £0.500m as a budget for general capitalised maintenance, repair and improvement works.

NLS should provide monthly reports to the Scottish Government on the Causewayside and Kelvinhall projects. We will agree with you the format which these reports should take.

**Environmental Requirements**

The Scottish Government recognises that NLS has made significant progress in reducing its carbon footprint. NLS should continue to make efforts to reduce its CO₂ emissions in line with both the NLS Carbon Management Plan and the NPF outcome on reducing the local and global environmental impact. We will not require any additional reporting to be done on this relative to this budget allocation letter.

**Budget Monitoring**

Forecast outturn and spend to date for the financial year should be reported to the sponsor team by completing and submitting the budget forecast and monitoring spreadsheet in the attached Excel workbook. The spreadsheet should be completed and submitted monthly. Where appropriate (e.g. for depreciation) costs may be calculated on the basis of one twelfth of the budget for each month. A completed spreadsheet providing the position at the end of the financial year (31 March 2016) should be submitted to the sponsor team no later than 15 April 2016.

**Budget Revisions**

Ministers have to manage the Scottish budget in the light of pressures and savings that may arise during the financial year. And NLS may itself experience pressures and savings. Such factors may make it necessary for Ministers to make changes (upwards or downwards) to the budget and associated grant in aid for your organisation. Where, exceptionally, any
changes have to be made I shall keep you informed of Ministers’ intentions and give you the opportunity to comment.

Grant in Aid

As a result of current legislative provisions, Scottish Government funding for its sponsored bodies is shown in the annual Budget Act in terms of grant in aid i.e. the net cash figure required to support agreed budgets. The authorised cash grant in aid for NLS for 2016-17 is £20.180m. Grant in aid should be (re)profiled and drawn down using the relevant spreadsheet in the attached Excel workbook. An initial profile should be provided before the start of the financial year with the figures being updated monthly, as necessary. You should submit an updated spreadsheet to the sponsor team at the beginning of each month providing details of grant in aid already drawn down, a profile of monthlygrant in aid requirements for the remainder of the financial year and a note of the unrestricted cash reserves held at the end of the previous month.

The updated profiles will be used for monthly cash management forecasts provided to HM Treasury and as the basis for the payment of grant in aid - unless notification to the contrary is received by the sponsor team at least 10 days before payment is due to be made. The sponsor team will normally aim to make payments of grant in aid by the 15th of each month. Grant in aid should not be drawn down in advance of need. Unrestricted cash reserves held during the course of the year should be kept to the minimum level consistent with the efficient operation of the body - and the level of funds required to meet any liabilities at the year-end. At the end of the financial year, the sponsor team and NLS will formally agree the total grant in aid attributable to that particular period.

Classification of Functions of Government

To meet HM Treasury reporting requirements we will also require an analysis of expenditure by the Classification of the Functions of Government (COFOG) e.g. categories such as subsidiary services to Education, Manufacturing, Law courts, Transport etc. for onward transmission to HM Treasury. For this purpose expenditure means gross expenditure, whether funded by grant in aid or by other income. Your sponsor team will seek to agree an estimated COFOG analysis of budgets at the start of each financial year. After the year end the team shall ask you to provide a COFOG analysis of the actual expenditure.

Issues Arising

If you have any questions arising from this letter, or if you foresee any financial issues developing in the course of the year, please do not hesitate to contact your sponsor team. The sponsor team will, where necessary, consult relevant Scottish Government Finance colleagues.

Yours sincerely

David Seers
Head of Cultural Excellence Team
Culture Division
For and on behalf of Scottish Ministers
### NATIONAL LIBRARY OF SCOTLAND: DETAILED BUDGET ALLOCATION 2016-17

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget on HMT database £000s</th>
<th>HMT Classification*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>10,578</td>
<td>RDEL</td>
</tr>
<tr>
<td>(Gross) Operating costs</td>
<td>4,536</td>
<td>RDEL</td>
</tr>
<tr>
<td>Trading and other resource income (negative)</td>
<td>(1,934)</td>
<td>RDEL</td>
</tr>
<tr>
<td>Depreciation</td>
<td>2,600</td>
<td>Ring-fenced RDEL</td>
</tr>
<tr>
<td>Amortisation</td>
<td>0</td>
<td>Ring-fenced RDEL</td>
</tr>
<tr>
<td>Impairment (where not classed as AME)</td>
<td>0</td>
<td>Ring-fenced RDEL</td>
</tr>
<tr>
<td>Provisions etc (where agreed as being classed as AME)</td>
<td>0</td>
<td>AME</td>
</tr>
<tr>
<td>Accruing pension liability (where agreed as being classed as AME)</td>
<td>0</td>
<td>AME</td>
</tr>
<tr>
<td>Impairments (where agreed as being classed as AME)</td>
<td>0</td>
<td>AME</td>
</tr>
<tr>
<td>Capital grants</td>
<td>0</td>
<td>CDEL</td>
</tr>
<tr>
<td>Capital additions to non-current assets (including investments)</td>
<td>7,000</td>
<td>CDEL</td>
</tr>
<tr>
<td>Net book value of disposals of non-current assets (including investments) (negative)</td>
<td>(0)</td>
<td>CDEL</td>
</tr>
<tr>
<td><strong>Total net expenditure (as recognised by HMT)</strong></td>
<td><strong>22,780</strong></td>
<td></td>
</tr>
</tbody>
</table>

* For a full explanation of HM Treasury’s budgeting rules see the current version of [Consolidated Budgeting Guidance](https://www.gov.scot/guidance). “DEL” stands for Departmental Expenditure Limits, and is the more tightly controlled side of the government’s budget. It is split between resource (or revenue) “RDEL” and capital “CDEL”. Non cash budgets are ring fenced within RDEL, which means that (for example) any underspend on depreciation cannot be used to fund actual cash expenditure. “AME” stands for Annually Managed Expenditure, which covers expenditure which HMT accepts is volatile and is therefore subject to different controls.
22 March 2016

Dear Dr Rintoul

BUDGET ALLOCATION AND MONITORING: 2016-17

Purpose

I am writing, on behalf of the Scottish Ministers, to confirm the revised budget and associated grant in aid allocated to National Museums Scotland (NMS) for 2016-17, and to provide guidance on related matters. The use of resources must be in accordance with the agreed strategic plan and any relevant guidance issued by the Scottish Ministers, in particular the Scottish Public Finance Manual. Relevant guidance may also include the setting out, from time to time, of expectations for the way that NMS operates in support of Ministers’ policy aims and objectives for the public sector as a whole.

Ministerial Priorities

Grant-in-aid is paid to enable National Museums Scotland to fulfil its statutory functions and to deliver Scottish Ministers’ strategic objectives that underpin its core purpose - to create a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth. The 5 strategic objectives are Wealthier and Fairer, Healthier, Safer and Stronger, Smarter, and Greener - [http://www.gov.scot/About/Performance/purposestratobjs](http://www.gov.scot/About/Performance/purposestratobjs).

NMS will contribute to the National Outcomes and National Performance Framework, as set out in the approved 2016-20 NMS Strategic Plan, and towards the key themes of the Programme for Government (the current PfG is set out here: [http://www.gov.scot/About/Performance/programme-for-government](http://www.gov.scot/About/Performance/programme-for-government)).

2016 is the Year of Innovation, Architecture and Design, a chance for us to shine a spotlight, celebrate and promote Scotland’s rich and vibrant attributes in these areas. We would encourage you to work with key partners to maximise the opportunities provided by this
themed year; and to consider opportunities for activity to support the subsequent Years of History, Heritage and Archaeology in 2017 and Young People in 2018.

NMS will follow the guidance set out in the Scottish Public Finance Manual, where that does not conflict with NMS’s obligations under charities legislation. NMS’s framework document, which is being updated at present, must be finalised within the 2016-17 financial year.

Culture has a vital role to play in enriching the lives of all Scotland’s communities and in promoting Scotland on the international stage as a modern dynamic nation. We will expect NMS to consider the potential impact of resource expenditure on different people in society and across the “protected” grounds outlined in the Equality Act 2010 so that spend is optimised and to ensure equality of access to culture is protected and promoted

Budget

Your detailed budget for 2016-17, disaggregated in terms of the relevant expenditure classifications on the HM Treasury database, is shown in Annex A. In summary, your budget 2016-17 is:

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BUDGET</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resource DEL</td>
<td>£20,317</td>
<td>①②</td>
</tr>
<tr>
<td>Ring-fenced (or “non cash”) DEL</td>
<td>£3,340</td>
<td>①③</td>
</tr>
<tr>
<td>Capital DEL</td>
<td>£1,350</td>
<td>①④</td>
</tr>
<tr>
<td><strong>Total DEL</strong></td>
<td>£25,007</td>
<td>①⑤</td>
</tr>
<tr>
<td>Expenditure classed as AME</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total budget</strong></td>
<td>£25,007</td>
<td></td>
</tr>
</tbody>
</table>

**INDICATIVE REVISIONS**

| n/a            |       |

① DEL is the “Departmental Expenditure Limit” as defined by HM Treasury. The Scottish Government’s DEL budget limits are determined by the Barnett formula and are not negotiable.
② Comprises wages and salaries and operating costs offset by trading and other resource income.
③ Ring fenced DEL comprises depreciation, amortisation and impairment (if it does not qualify as AME – see below).
④ Comprises capital grants and additions to non-current assets offset by the net book value of disposals of non-current assets.
⑤ AME is “Annually Managed Expenditure”, which covers expenditure which HMT accepts is volatile and is therefore subject to different controls. Examples are some pension adjustments and some impairments.
⑥ These are indicative revisions which require to be made at ABR/SBR and are therefore subject to Parliamentary approval.

Transfers of budgetary provision **between** cash and non-cash, or from capital to revenue, in the table above would require the prior approval of Scottish Government Finance. Any proposals for such transfers should therefore be submitted to the sponsor team. Transfers from revenue to capital are permitted under the terms of the existing NMS Financial Memorandum, but the Scottish Government must be kept informed of such transfers. Transfers of budgetary provision **within** the classifications in the table above may be
undertaken without reference to the Scottish Government, subject to any constraints on specific areas of expenditure e.g. the approved pay remit.

The Scottish Government is responsible for ensuring that the overall Scottish budget is managed effectively and within the limits set by the Scottish Parliament and HM Treasury. Core Scottish Government Directorates and sponsored/arms-length bodies, such as NDPB’s must therefore secure approval for discretionary spend projects or proposals with a cost of £250,000 or greater in advance. The purpose of this process is to ensure that Scottish Ministers can prioritise resources across the whole of Government and is not intended to override the Accountable Officer's requirement to demonstrate value for money.

Your revised trading and other resource income is estimated at £9.471m and the assumed net book value of disposals of non-current assets is £0k. These amounts have been taken into account in arriving at the budget shown above. If the amounts realised or expected to be realised in-year are less than estimated, you shall, unless otherwise agreed with the sponsor team, ensure a corresponding reduction in your gross expenditure so that the agreed budget is not exceeded. Excluding income resulting from gifts, bequests or donations, if the amounts realised or expected to be realised in-year are more than estimated, you must discuss the financial impact with the sponsor team before using any excess to support additional expenditure.

Specified Expenditure

Revenue funding includes:
- £80k for Treasure Trove

Capital funding includes:
- Grant for the National Fund for Acquisitions of £150k and for NMS Purchases of £200k
- £1.00m for capitalised repairs and refurbishment. The Scottish Government should be kept advised of the use of this funding.

Environmental Requirements

The Scottish Government recognises that NMS is working hard to make progress in reducing its carbon footprint. NMS should continue to make efforts to reduce its CO2 emissions in line with both the NMS Carbon Management Plan and the NPF outcome on reducing the local and global environmental impact. We will not require any additional reporting to be done on this relative to this budget allocation letter.

Budget Monitoring

Forecast outturn and spend to date for the financial year should be reported to the sponsor team by completing and submitting the budget forecast and monitoring spreadsheet in the attached Excel workbook. Initial forecasts have been provided by NMS and the spreadsheet must be completed and submitted monthly thereafter. Where appropriate (e.g. for depreciation) costs may be calculated on the basis of one twelfth of the budget for each month. A completed spreadsheet providing the position at the end of the financial year (31 March 2017) should be submitted to the sponsor team by 30 April 2017.

Budget Revisions

Ministers have to manage the Scottish budget in the light of pressures and savings that may arise during the financial year. And NMS may itself experience pressures and savings.
Such factors may make it necessary for Ministers to make changes (upwards or downwards) to the budget and associated grant in aid for your organisation. Where, exceptionally, any changes have to be made I shall keep you informed of Ministers’ intentions and give you the opportunity to comment.

Grant in Aid

As a result of current legislative provisions, Scottish Government funding for its sponsored bodies is shown in the annual Budget Act in terms of grant in aid i.e. the net cash figure required to support agreed budgets. The authorised cash grant in aid for NMS for 2016-17 is **£21.667m**. Grant in aid should be (re)profiled and drawn down using the relevant spreadsheet in the attached Excel workbook. An initial profile has been provided and the figures should be updated monthly, as necessary. You should submit an updated spreadsheet to the sponsor team at the beginning of each month providing details of grant in aid already drawn down, a profile of monthly grant in aid requirements for the remainder of the financial year and a note of the unrestricted cash reserves held at the end of the previous month.

The updated profiles will be used for monthly cash management forecasts provided to HM Treasury and as the basis for the payment of grant in aid - unless notification to the contrary is received by the sponsor team at least 10 days before payment is due to be made. The sponsor team will normally aim to make payments of grant in aid by the 15th of each month. Grant in aid should not be drawn down in advance of need. Unrestricted cash reserves held during the course of the year should be kept to the minimum level consistent with the efficient operation of the body - and the level of funds required to meet any liabilities at the year-end. At the end of the financial year, the sponsor team and NMS will formally agree the total grant in aid attributable to that particular period.

Classification of Functions of Government

To meet HM Treasury reporting requirements we will also require an analysis of expenditure by the Classification of the Functions of Government (COFOG) e.g. categories such as subsidiary services to Education, Manufacturing, Law courts, Transport etc. for onward transmission to HM Treasury. For this purpose expenditure means gross expenditure, whether funded by grant in aid or by other income. Your sponsor team will seek to agree an estimated COFOG analysis of budgets at the start of each financial year. After the year end the team shall ask you to provide a COFOG analysis of the actual expenditure.

Issues Arising

If you have any questions arising from this letter, or if you foresee any financial issues developing in the course of the year, please do not hesitate to contact your sponsor team. The sponsor team will, where necessary, consult relevant Scottish Government Finance colleagues.

Yours sincerely

David Seers
Head of Sponsorship and Funding Team
Culture and Historic Environment Division
For and on behalf of Scottish Ministers
<table>
<thead>
<tr>
<th>Description</th>
<th>Budget on HMT database (£000s)</th>
<th>HMT Classification*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries</td>
<td>15,031</td>
<td>RDEL</td>
</tr>
<tr>
<td>(Gross) Operating costs</td>
<td>10,871</td>
<td>RDEL</td>
</tr>
<tr>
<td>Trading and other resource income (negative)</td>
<td>(9,471)</td>
<td>RDEL</td>
</tr>
<tr>
<td>Depreciation</td>
<td>3,340</td>
<td>Ring-fenced RDEL</td>
</tr>
<tr>
<td>Amortisation</td>
<td>X</td>
<td>Ring-fenced RDEL</td>
</tr>
<tr>
<td>Impairment (where not classed as AME)</td>
<td>X</td>
<td>AME</td>
</tr>
<tr>
<td>Provisions etc (where agreed as being classed as AME)</td>
<td>X</td>
<td>AME</td>
</tr>
<tr>
<td>Accruing pension liability (where agreed as being classed as AME)</td>
<td>X</td>
<td>AME</td>
</tr>
<tr>
<td>Impairments (where agreed as being classed as AME)</td>
<td>X</td>
<td>AME</td>
</tr>
<tr>
<td>Capital grants</td>
<td>150</td>
<td>CDEL</td>
</tr>
<tr>
<td>Capital (Direct) - Antiques &amp; Works of Art</td>
<td>200</td>
<td>CDEL</td>
</tr>
<tr>
<td>Capital additions to non-current assets (including investments) –</td>
<td>4,886</td>
<td>CDEL</td>
</tr>
<tr>
<td>Net book value of disposals of non-current assets (including investments) (negative)</td>
<td>X</td>
<td>CDEL</td>
</tr>
<tr>
<td>Total net expenditure (as recognised by HMT)</td>
<td>25,007</td>
<td></td>
</tr>
</tbody>
</table>

* For a full explanation of HM Treasury’s budgeting rules see the current version of Consolidated Budgeting Guidance. “DEL” stands for Departmental Expenditure Limits, and is the more tightly controlled side of the government’s budget. It is split between resource (or revenue) “RDEL” and capital “CDEL”. Non cash budgets are ring fenced within RDEL, which means that (for example) any underspend on depreciation cannot be used to fund actual cash expenditure. “AME” stands for Annually Managed Expenditure, which covers expenditure which HMT accepts is volatile and is therefore subject to different controls.
Culture, Tourism, Europe and External Relations Committee
16th meeting, 2016 (Session 5) Thursday 22 December 2016
Draft Budget Scrutiny 2017-18

The Scottish Government Draft Budget 2017-18 – External Affairs

Introduction

The draft budget for External Affairs for 2017-18 is £15.8 million. In comparison, the revised budget for 2016-17 was £13.4 million, following the removal of the Major Events and Themed Years budget line which had previously formed part of the External Affairs budget.

According to the Scottish Government:

“The External Affairs budget supports the promotion of Scotland and its interests at home and abroad in pursuit of sustainable economic growth. It contributes to the positioning of Scotland on the world stage as a good global citizen, particularly through our international development work and recent work with the UN and women from international conflict zones, and promotes Scotland's international engagement through Ministerial visits. The budget also supports the attraction of talented and skilled individuals to live, study and work in Scotland.”

This briefing provides details of the External Affairs budget line in the Scottish Government’s draft budget for 2017-18. It also outlines to which of the Scottish Government’s National Performance Framework targets the budget contributes.

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1 http://www.gov.scot/Publications/2016/12/6610/15
Overall Trends (Cash Terms)

Figure 1 below provides details of how the budget for External Affairs (previously Europe and External Affairs) has changed since 2010-11.

Figure 1: Trends in the External Affairs Budget (£m, cash terms)

Figure 1 shows the initial budget agreed by Parliament alongside the actual budget spent (outturn) for the Europe and External Affairs budget line between 2010-11 and 2015-16. It also shows the budget agreed by Parliament for 2016-17 (which for comparative purposes does not include the Major Events and Themed Years budget line which has now been moved to another section of the Culture, Tourism and External Affairs portfolio) and the 2017-18 draft budget for External Affairs.

The budget agreed by Parliament for Europe and External Affairs for 2016-17 was £16.2 million but during the Autumn Budget Revision (published in September 2016) £2.3 million was moved from Major Events and Themed Years to Culture Tourism and Major Events and a further £500,000 was moved in further transfers. As a result, the comparative budget for External Affairs for 2016-17 was £13.4 million.

Transfers out of the budget including miscellaneous transfers

Between 2010-11 and 2015-16, the Scottish Government’s Budget Spring Revisions\(^2\) were used to move Europe and External Affairs funds to other budget lines. Although details of some of these transfers were provided, until 2014-15 “miscellaneous transfers” formed a significant part of the transferred funds from the Europe and External Affairs budget line.

The “miscellaneous transfers”, along with the total amounts transferred from the Europe and External Affairs budget line to other lines, are shown in Table 1 below.

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\(^2\) The purpose of the Spring Budget Revision is to amend the Budget (Scotland) Act for the relevant year.
Table 1: Spring Budget Revision transfers from the Europe and External Affairs Budget line (£m, cash terms)

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Miscellaneous transfers (£m)</th>
<th>Total amount transferred (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>2.8</td>
<td>4.3</td>
</tr>
<tr>
<td>2011-12</td>
<td>1.1</td>
<td>2.5</td>
</tr>
<tr>
<td>2012-13</td>
<td>1.0</td>
<td>2.5</td>
</tr>
<tr>
<td>2013-14</td>
<td>0.5</td>
<td>2.8</td>
</tr>
<tr>
<td>2014-15</td>
<td>1.2</td>
<td>2.6</td>
</tr>
<tr>
<td>2015-16</td>
<td>0</td>
<td>2.1</td>
</tr>
</tbody>
</table>

The most recently available Spring Revision figures are for the 2015-16 budget (published in January 2016). Although £2.1 million was transferred out of the External Affairs budget line, none of this was done as miscellaneous transfers. The biggest transfer was £0.9 million from the Major Events and Themed Years budget to the Finance, Constitution and Economy (FCE) budget line for the 2015 Scottish Open. A further £0.7 million was transferred from the International Relations budget to the FCE for international engagement work whilst £0.5 million was transferred from the Major Events and Themed Years budget to the FCE for the 2016 Festival of Architecture.

The Autumn Budget Revisions for the 2016-17 Scottish Budget were published in September 2016. As discussed earlier, the Autumn Revisions show that of the original £16.2 million budget for Europe and External Affairs, £2.3 million has been moved from Major Events and Themed Years to Culture Tourism and Major Events whilst a further £0.5 million has been moved out of the budget line in miscellaneous transfers. The changes have reduced the 2016-17 External Affairs budget by £2.8 million to £13.4 million.

Further changes to the 2016-17 budget may be made in the Spring Revisions which will not be available until Spring 2017.

Given that a number of transfers from the External Affairs budget in recent years have come from the Major Events and Themed Years budget line, with this budget line moving to another area of the Culture, Tourism and External Affairs portfolio for the 2017-18 budget it is possible that future transfers out of the External Affairs budget will be reduced.

**Underspend**

The consolidated accounts produced by the Scottish Government at the end of each financial year show the actual spend compared to the planned spend published in the budget and amended by the Spring Revisions.

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3 http://www.gov.scot/Publications/2016/01/3950/10
4 http://www.gov.scot/Publications/2016/09/8568/10
With the exception of 2013-14 when the budget was completely spent, in every other financial year from 2010-11 through until 2015-16 there was a consistent underspend of around £1 million in the External Affairs budget.

Previous consideration by the European and External Relations Committee of underspend and miscellaneous transfers

In its letter to the Finance Committee outlining the European and External Relations Committee’s view of the 2016-17 budget (sent on 27 January 2016) the Committee addressed the issues of underspend and miscellaneous transfers. The Committee wrote:

“In the context of the reductions in the EEA budget for 2016-17, the EERC hopes that the Scottish Government is able to move to a position of consistently spending the budget for the EEA budget rather than re-allocating it through miscellaneous transfers.”

On the issue of underspends, the Committee wrote:

“Given the relatively small size of the EEA budget, the EERC is disappointed that the underspends continue. It intends to propose in its legacy paper that its successor committee monitor future underspends in the Spring Revision and the Consolidated Accounts.”

Cash and real terms changes

Table 2 below, sets out the changes in the two ‘level 3’ budget headings for External Affairs between 2016-17 and 2017-18, in both cash terms and real terms.

Table 2: External Affairs Level 3 Changes in Cash and Real Terms (based on 2016-17 prices)

<table>
<thead>
<tr>
<th></th>
<th>2016-17 (£m)</th>
<th>2017-18 (£m)</th>
<th>2017-18 change on 2016-17 - cash (£m)</th>
<th>2017-18 change on 2016-17 - cash (%)</th>
<th>2017-18 change on 2016-17 - real terms (£m)</th>
<th>2017-18 change on 2016-17 - real terms (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>British and Irish Council</td>
<td>0.1</td>
<td>0.1</td>
<td>0</td>
<td>0%</td>
<td>0</td>
<td>-0.1%</td>
</tr>
<tr>
<td>International and European Relations</td>
<td>13.3</td>
<td>15.7</td>
<td>+2.4</td>
<td>+18%</td>
<td>+2.2</td>
<td>+16.4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13.4</strong></td>
<td><strong>15.8</strong></td>
<td><strong>+2.4</strong></td>
<td><strong>+17.9%</strong></td>
<td><strong>+2.2</strong></td>
<td><strong>+16.2%</strong></td>
</tr>
</tbody>
</table>

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http://www.scottish.parliament.uk/S4_EuropeanandExternalRelationsCommittee/Inquiries/DraftBudget_2016-17withannexes.pdf
http://www.scottish.parliament.uk/S4_EuropeanandExternalRelationsCommittee/Inquiries/DraftBudget_2016-17withannexes.pdf
Previous known as International Relations
Some points to note are as follows—

- The 2017-18 draft budget shows a cash increase of £2.4 million in the total External Affairs budget. In real terms this equates to an increase of 16.2%.

- Within this, the International and European Relations budget line shows a cash increase of £2.4 million, which equates to a real terms increase of 16.4%.

A closer look at the 2017-18 Draft Budget

The following section looks in more detail at the Europe and External Affairs budget including the level 4 figures provided by the Scottish Government.

British and Irish Council

In previous years the British and Irish Council budget line was part of the International Relations line. For the 2017-18 draft budget it is a Level 3 heading.

The budget has been frozen at £100,000, with the money allocated as Scotland’s share of the running costs of the British-Irish Council Standing Secretariat in Edinburgh.

International and European Relations

The draft budget for 2017-18 allocates £15.7 million for the International and European Relations budget line. This is a £2.4 million increase compared to 2016-17.

The draft budget for 2017-18, outlines the Scottish Government’s priorities for the International and European Relations budget line⁹:

- seek to increase the level and frequency of Scottish engagement with EU institutions to advance our policy objectives, develop our expertise in European affairs and increase our return on EU competitive funding programmes;
- participate to the fullest extent in negotiations on the UK’s future relationship with the EU, ensuring that Scottish interests are protected and promoted;
- continue to take action to help tackle poverty and inequalities in relation to some of the world’s poorest and most vulnerable people in areas of Malawi, Zambia, Rwanda and Pakistan, through an increased £10 million per annum International Development Fund (IDF);
- launch and manage a new £1 million per annum humanitarian aid fund from spring 2017, enabling us to continue to respond to the increasing number of rapidly emerging international humanitarian crises;
- renew our historic partnership agreement with the Government of Malawi which is based on 150 years of shared history and friendship and promotes the enduring values of tolerance, fairness and equality and the sharing of experiences and skills for mutual benefit;
- fund training for women from International Conflict Zones to give them the skills and confidence to maximise their contribution to building a safer world by involvement in UN peace processes; and

⁹ http://www.gov.scot/Publications/2016/12/6610/15
- strengthen and deepen our engagement with the US, Canada, Japan, China, India and Pakistan, with a focus on education, business and culture.

The Scottish Government has provided a comparison of the 2016-17 and 2017-18 budget for each level 4 budget line. This approach is reflected in Table 3 below which sets out the Level 4 headings of the International and European Relations budget, ranked in terms of the size of their allocation in the 2017-18 draft budget compared with the 2016-17 draft budget.

**Table 3: Level 4 Budgets for International and European Relations**

<table>
<thead>
<tr>
<th>Level 4 Heading</th>
<th>2016-17 (£m)</th>
<th>2017-18 (£m)</th>
<th>Cash change (£m)</th>
<th>Cash change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Development Fund</td>
<td>9.00</td>
<td>10.00</td>
<td>+1.00</td>
<td>11.1%</td>
</tr>
<tr>
<td>Brussels Office</td>
<td>0</td>
<td>1.14</td>
<td>+1.14</td>
<td>n/a</td>
</tr>
<tr>
<td>Humanitarian Aid</td>
<td>0</td>
<td>1.00</td>
<td>+1.00</td>
<td>n/a</td>
</tr>
<tr>
<td>European Strategy</td>
<td>1.66</td>
<td>0.91</td>
<td>-0.75</td>
<td>-45.3%</td>
</tr>
<tr>
<td>International Relations</td>
<td>0.31</td>
<td>0.82</td>
<td>+0.51</td>
<td>+164%</td>
</tr>
<tr>
<td>North American Strategy</td>
<td>0.70</td>
<td>0.70</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Migration Advice</td>
<td>0.63</td>
<td>0.48</td>
<td>-0.15</td>
<td>-23.8%</td>
</tr>
<tr>
<td>China Division</td>
<td>0.40</td>
<td>0.40</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>International Development Administration</td>
<td>0.25</td>
<td>0.25</td>
<td>0</td>
<td>0%</td>
</tr>
</tbody>
</table>

When considering the percentage changes, it is important to remember that as the budget lines are for relatively small sums, a minor change can result in a large percentage change in the budget.

The Level 4 headings for International Relations in the 2017-18 draft budget are broadly the same as those for the 2016-17 budget. However, two budget lines have been removed with their budgets (equating to just over £1 million) re-allocated to other level 4 headings. The International Strategy and Reputation budget line which was worth £311,000 in 2016-17 has been removed as has the Culture, Europe and External Affairs budget line which was worth £755,000 in 2016-17.

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10 Figures provided by the Scottish Government to the Financial Scrutiny Unit and available at
The budgets from these two lines have been predominantly redistributed to the International Relations and the newly created Brussels Office budget lines.

In addition, the newly created Humanitarian Aid budget line (worth £1 million) along with the £1 million increase in the International Development Fund account for most of the £2.4 million increase in the International and European Relations budget.

**Level 4 Analysis**

**International Development**

<table>
<thead>
<tr>
<th></th>
<th>2016-17 Draft Budget</th>
<th>2017-18 Draft Budget</th>
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</thead>
<tbody>
<tr>
<td>International Development</td>
<td>£9m</td>
<td>£10m</td>
</tr>
</tbody>
</table>

The International Development budget rose from £3 million in 2007-08 to £9 million in 2010-11. It remained frozen at £9 million for the seventh consecutive year in 2016-17 but for 2017-18 it will rise to £10 million.

According to the Scottish Government, the International Development Fund:

“Supports development programmes delivered by a range of organisations in Scotland, working with partners overseas, clearly focused on the achievement of the Millennium Development Goals and now the new Global Goals. This currently includes funding for: the Malawi Development Programme; the Sub-Saharan African Development Programme; and the South Asia Development Programme.”

The International Development Fund supports the [Scottish Government's International Development Policy](http://news.gov.scot/news/scotlands-place-as-global-citizen). On 29 September 2016, the Scottish Government announced that the international development programme will prioritise work with 4 partner countries, Malawi, Zambia and Rwanda and Pakistan where the emphasis will be on education through scholarships.

**Brussels Office**

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<tr>
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<th>2016-17 Draft Budget</th>
<th>2017-18 Draft Budget</th>
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</thead>
<tbody>
<tr>
<td>Brussels Office</td>
<td>£0</td>
<td>£1,139,000</td>
</tr>
</tbody>
</table>

This is a new line in the External Affairs budget. According to the Scottish Government this budget line will support the running of the Scottish Government’s European Union Office in Brussels.

Some of the funding for this new budget line has come from the European Strategy budget line which previously funded the running of the Scottish Government’s Brussels Office.

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11 From information provided to the Financial Scrutiny Unit by the Scottish Government.
Humanitarian Aid

<table>
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<tr>
<th></th>
<th>2016-17 Draft Budget</th>
<th>2017-18 Draft Budget</th>
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</thead>
<tbody>
<tr>
<td>Humanitarian Aid</td>
<td>£0</td>
<td>£1,000,000</td>
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</tbody>
</table>

In previous years, the Scottish Government has used the International Development Fund to provide emergency humanitarian funding for example to Nepal in response to the earthquake in April 2015\(^{13}\) and in response to the refugee crisis in Southern Europe. From 2017-18, a new Humanitarian Aid fund worth £1 million will be established to support the Scottish Government's international humanitarian aid work.

European Strategy

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<tr>
<th></th>
<th>2016-17 Draft Budget</th>
<th>2017-18 Draft Budget</th>
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</thead>
<tbody>
<tr>
<td>European Strategy</td>
<td>£1,664,000</td>
<td>£910,000</td>
</tr>
</tbody>
</table>

The European Strategy budget line has been cut from just over £1.6 million in 2016-17 to just over £900,000 for 2017-18. According to the Scottish Government the budget:

“The European Strategy line is no longer directly comparable to previous years as the budget has been amended to provide further clarification on spending and consistency with reporting. As such, the line previously included in the European Strategy line in 2016/17 has now been separated to create a separate line for the Brussels Office”

The aim of the European Strategy budget line is to support “the Scottish Government’s commitment to protecting Scotland’s relationship with Europe including increasing strategic engagement with key EU countries, and actions identified in the Nordic Baltic policy statement”.


According to the Scottish Government’s budget document the funding facilitates various activities in the EU:

“The outcome of the European Union (EU) Referendum on 23 June 2016 significantly alters the context for the Scottish Government's international engagement. In light of the result of the Referendum, we will be seeking opportunities to continue Scotland's relationship with Europe in order to protect our interests and our position in the world. We are determined to protect our place in Europe and are exploring all options to do so. Beyond the European Union, we will promote the message that despite the current uncertainty, Scotland remains open for business.

Active engagement in the EU, and internationally, makes a major contribution to the Scottish economy, securing trade, as well as increasing public investment in agriculture, structural funds and research and development. Irrespective of the Referendum result, the Scottish Government is also committed to increasing Scotland's return on EU competitive funding programmes and seconding staff to key European institutions to extend our knowledge base. Scotland's leadership in areas such as climate change and renewable energy contributes substantially to Scotland's attractiveness as a destination for inward investment.¹⁴

**International Relations**

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<tr>
<th></th>
<th>2016-17 Draft Budget</th>
<th>2017-18 Draft Budget</th>
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</thead>
<tbody>
<tr>
<td>International Relations</td>
<td>£311,000</td>
<td>£821,000</td>
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</tbody>
</table>

The International Relations budget line has been increased from £311,000 in 2016-17 to £821,000 in 2017-18. According to the Scottish Government, this budget line will deliver key Scottish Government international engagement.

The just over half a million pounds increase in the budget is as a result of the redistribution of the 2016-17 Culture, Europe and External Affairs budget line.

**Scottish Affairs Office North America**

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<tr>
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<th>2016-17 Draft Budget</th>
<th>2017-18 Draft Budget</th>
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</thead>
<tbody>
<tr>
<td>Scottish Affairs Office North America</td>
<td>£700,000</td>
<td>£700,000</td>
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</table>

Spending on the Scottish Affairs Office in North America has remained at £700,000 in the 2017-18 Draft Budget.

This budget line supports the operation of the Scottish Government’s Washington office and the Government’s activities and priorities outlined in the [USA Plan](http://www.gov.scot/Publications/2016/12/6610/15) and the [Canada Plan](http://www.gov.scot/Publications/2016/12/6610/15) which were both published in 2010.

According to the [Scottish Government’s Programme for Scotland 2016-17](http://www.gov.scot/Publications/2016/12/6610/15), the Scottish Government planned to publish new US and Canada country plans in 2016 to reflect revised priorities in North America.

**Migration Strategy**

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<tr>
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<th>2016-17 Draft Budget</th>
<th>2017-18 Draft Budget</th>
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<tbody>
<tr>
<td>Migration Strategy</td>
<td>£630,000</td>
<td>£480,000</td>
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</table>

The Migration Strategy (previously titled Immigration Advice) budget line has been allocated £480,000 for 2017-18, a fall of £150,000 compared to 2016-17.

According to the Scottish Government the budget line will support the provision of immigration advice. The Scottish Government has also explained the reason for the £150,000 cut in the budget being as a result of a transfer of funding to support the COSLA Migration, Population and Diversity team.

**Scottish Affairs Office China**

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<tr>
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<th>2016-17 Draft Budget</th>
<th>2017-18 Draft Budget</th>
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</thead>
<tbody>
<tr>
<td><strong>Scottish Affairs Office China</strong></td>
<td>£395,000</td>
<td>£395,000</td>
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</table>

The Scottish Affairs Office in China is allocated £395,000 in the 2017-18 Draft Budget, which is the same as 2016-17.

The China Division funding will support the Scottish Government’s work in China and Hong Kong which is underpinned by its [China Strategy](#).

**International Development Administration**

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<th>2016-17 Draft Budget</th>
<th>2017-18 Draft Budget</th>
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<tbody>
<tr>
<td><strong>International Development Administration</strong></td>
<td>£249,000</td>
<td>£249,000</td>
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</table>

International Development Administration supports the delivery of the Government’s International Development Fund. It has been frozen at £249,000 in the 2017-18 draft budget.

**Scotland performs**

As part of the 2007 Spending Review, the Scottish Government introduced a new outcomes-based National Performance Framework (NPF) to underpin the delivery of its National Outcomes. In June 2008, the Government launched ‘Scotland Performs’, a website designed to present information on how Scotland is performing against the range of indicators outlined in the NPF. The NPF was “refreshed” in 2011.

As part of its Performance Evaluation document, the Scottish Government also provided to the Scottish Parliament Finance Committee information on all of the indicators and targets in the National Performance Framework specifically influenced by the Europe and External Affairs budget line.

From the 50 indicators, this year the Government has highlighted four indicators as being relevant to the External Affairs aspect of the Culture, Tourism, Europe and External Relations Committee. The relevant indicators are:

- To match the growth rate of the small independent EU countries by 2017
- Increase exports
- Improve Scotland’s reputation
To match average European (EU15) population growth over the period from 2007 to 2017

The Scottish Government also provided an up-to-date snapshot of performance against each of the indicators:

- Scotland’s annual GDP growth rate, on a 4Q on 4Q basis, has been lower than that of the Small EU Countries since the third quarter of 2015. The Scottish Government suggests this is in part as a result of revisions to the Republic of Ireland’s GDP time series.
- On exports, the Scottish Government wrote:
  
  “The value of Scottish exports to the rest of the world decreased in 2014. However, exports have risen continuously since 2009, as part of a long term upward trend.”

- Scotland’s reputation continues to sit in the top third of the 50 countries evaluated.
- On population growth, Scotland’s population growth was marginally higher than in the EU15 countries in 2015.

EU Funding in Scotland

The SPICe Briefing European Union Funding in Scotland 2014-2020 provides details of European funding programmes, including structural funds, which Scotland benefits from during the 2014-2020 programming period.

Scotland’s structural fund programmes between 2014 and 2020 are worth €941 with around £383 committed (not spent) by the end of November 2016. This still leaves over £400 million to be committed. All funding will need to be match funded by the appropriate Scottish public body which acts as the Delivery Agent.

The UK Government has guaranteed that all funding committed before the UK leaves the EU will be honoured in full even if the projects are not completed until after the UK has left the EU. This guarantee has been passed on by the Scottish Government.

According to the Scottish Government, the cost of guaranteeing Scottish structural fund projects which run on after Brexit will be covered by the Statement of Funding Policy which sets out how UK Government funding for the devolved administrations is determined. As a result, post-Brexit, the appropriate funds will be transferred from the UK Treasury to allow the Scottish Government to meet its existing European funding commitments.

The Less Favoured Areas Support Scheme (LFASS) which forms part of the Scottish Rural Development Programme is part financed by pillar two of the Common Agricultural Policy. As LFASS is committed on an annual basis and is due to run to the end of 2020, the Scottish Government has confirmed discussions on securing a guarantee for 2019 and 2020 payments are a matter for discussion between the UK and Scottish Governments.

No decisions have been made about replacing European funding programmes following the UK’s departure from the EU.

Iain McIver
SPICe Research