Culture, Tourism, Europe and External Relations Committee

Report on the Draft Budget 2017-18
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Culture, Tourism, Europe and External Relations Committee

Remit: To consider and report on the following (and any additional matter added under Rule 6.1.5A)—

(a) proposals for European Union legislation;
(b) the implementation of European Communities and European Union legislation;
(c) any European Communities or European Union issue;
(d) the development and implementation of the Scottish Administration’s links with countries and territories outside Scotland, the European Union (and its institutions) and other international organisations; and
(e) co-ordination of the international activities of the Scottish Administration.
(f) culture and tourism matters falling within the responsibility of the Cabinet Secretary for Culture, Tourism and External Relations
Committee Membership

**Convener**
Joan McAlpine
Scottish National Party

**Deputy Convener**
Lewis Macdonald
Scottish Labour

**Jackson Carlaw**
Scottish Conservative and Unionist Party

**Ross Greer**
Scottish Green Party

**Rachel Hamilton**
Scottish Conservative and Unionist Party

**Emma Harper**
Scottish National Party

**Richard Lochhead**
Scottish National Party

**Stuart McMillan**
Scottish National Party

**Tavish Scott**
Scottish Liberal Democrats
The Committee reports to the Finance Committee as follows:

## Recommendations and Conclusions

The CTEERC appreciates that the Scottish Government’s Draft Budget 2017-18 was delayed from its usual September publication date due to the timing of the UK Government’s autumn statement on 23 November 2016. However, Members would recommend that steps be taken in future to ensure that parliamentary committees have sufficient time in which to consider the Draft Budget in detail.

The CTEERC commends VisitScotland and Creative Scotland for their ability to manage their budgets in the context of real-terms cuts, but would encourage the Scottish Government to consider the point at which flat cash settlements result in a reduction in the projects, support and services that can be delivered by these two bodies.

The CTEERC commends the Scottish Government for trying to provide a sense of stability to cultural organisations when it is unable to provide longer-term clarity on funding, and stresses the importance of reverting to a three-year budget cycle when this is possible in order to provide cultural organisations more security in planning their activities.

The CTEERC notes the comments provided by the Cabinet Secretary regarding underspends and transfers and expects to be informed of any underspends or any transfers of funds across budget lines following the conclusion of the financial year.

The CTEERC recognises the broader contribution that cultural organisations make to society as well as the generation of VAT receipts, and will examine this contribution in more depth in the future.

The CTEERC welcomes the clarification that more funds are being allocated to the Scottish Government’s Brussels office to meet the challenges associated with the UK’s departure from the EU.
The CTEERC thanks the Cabinet Secretary for Economy, Jobs and Fair Work for the information relating to European and Structural Investment Funds and intends to write to him to request details on progress in committing funds due to the challenge of meeting match-funding requirements, as well as the risk that the funds are not committed – and therefore lost – before the UK leaves the EU.

The CTEERC welcomes the Scottish Government’s approach to the trade hubs, particularly given the need for Scotland to promote itself internationally following the EU referendum. The CTEERC will seek to be updated on the progress of these hubs as they are developed.

The CTEERC welcomes the £1 million increase in the Scottish Government’s International Development Fund and the introduction of a new humanitarian aid budget worth £1 million and will monitor its impact.

The CTEERC commends Creative Scotland for aiming to ensure equitable access to the arts across Scotland. The CTEERC recommends that the Scottish Government’s upcoming Culture Strategy include specific provisions to ensure that communities throughout Scotland can enjoy the countries culture and heritage.

The CTEERC commends the Scottish Government and Creative Scotland’s commitment to tackling inequality through the use of the arts and would encourage them to examine, in more detail, the contribution cultural activities make to Scottish society.

The CTEERC welcomes the use of additional funds for major events, but wishes to see further evidence of how they benefit Scotland culturally and economically. The CTEERC expects to play an active role in the Census and would appreciate regular updates from the Cabinet Secretary regarding its progress.

The CTEERC is encouraged by the work to date to enhance Scotland’s screen sector but considers that more work is needed in order to promote Scotland’s full potential. The
CTEERC would appreciate regular updates from Creative Scotland regarding both the enhanced screen unit and the sector more generally.

The CTEERC welcomes the approaches taken by VisitScotland and Creative Scotland to develop Scotland’s international reputation. Given the benefits that the private sector derives from the Scotland brand, the CTEERC would like to see greater collaboration going forward and would encourage Creative Scotland and VisitScotland to consider how this might be achieved.

The CTEERC commends Visit Scotland for its work in promoting accessible and inclusive tourism and recognises the continued need for progress in this area.

The CTEERC looks forward to greater clarity on the focus of agencies such as VisitScotland on the South of Scotland, and how that will work in the context of efforts to promote tourism across the country.
Introduction

1. This report considers the spending proposals under the Culture, Tourism and External Affairs ("CTEA") portfolio in the Scottish Government's Draft Budget 2017-18.

2. A detailed analysis of the CTEA budget has been produced by SPICe and is included in the meeting papers.¹

3. The Culture, Tourism, Europe and External Relations Committee (CTEERC) agreed its approach to budget scrutiny at its meeting on 27 October 2016, taking into account the recommendations made in the Finance Committee’s letter to the Convener dated 30 June 2016 (Link). The compressed timetable for budget scrutiny only allowed the CTEERC to take oral evidence on the Draft Budget 2017-18 at one meeting. On 22 December 2016, the CTEERC heard from the Cabinet Secretary for Culture, Tourism and External Affairs; Creative Scotland; and VisitScotland.

4. In addition to the oral evidence, the CTEERC wrote to a number of organisations that receive funding from the Scottish Government requesting further information on the way in which they used their funding. The CTEERC received written submissions² from the following organisations:

- Scottish Libraries and Information Council (SLIC);
- Sistema;
- National Museums Scotland;
- Scottish Opera; and
- Edinburgh International Festivals

5. The CTEERC would like to thank these organisations for their contributions which helped support the CTEERC’s scrutiny of the CTEA portfolio in the Scottish Government's Draft Budget 2017-18.

6. This report focuses on the key areas discussed in oral evidence with the Cabinet Secretary for Culture, Tourism and External Affairs, VisitScotland and Creative Scotland.

The CTEERC appreciates that the Scottish Government’s Draft Budget 2017-18 was delayed from its usual September publication date due to the timing of the UK Government’s autumn statement on 23 November 2016. However, Members would recommend that steps be taken in future to ensure that parliamentary committees have sufficient time in which to consider the Draft Budget in detail.
General Observations

Reductions in funding in real terms

7. Although VisitScotland and Creative Scotland’s core funding remains relatively static in cash terms, the flat cash settlement for the forthcoming financial year represents a reduction in real terms. VisitScotland’s budget has reduced from £46.1 million in 2016-17 to £43.9 million in 2017-18, representing a reduction of £2.2 million. This represents a real terms reduction in VisitScotland’s budget of £2.8 million. However, the Draft Budget explains that the net resource budget for 2017-18 is the same in cash terms as 2016-17, as the Strategic Forum savings have been removed. Creative Scotland’s budget has been reduced by £100,000 to £32.112 million, representing a real terms reduction of £500,000.

8. Creative Scotland expressed satisfaction with this result—

“They are absolutely delighted about that. The primary purpose of that part of our budget is to support the 118 regularly funded organisations across Scotland and, following the meeting of our board that took place on Monday, we are pleased to confirm that we will be able to continue to fund those organisations at planned levels for next year. That is welcomed.”

9. VisitScotland stated that it “was delighted with the outcome in terms of flat cash” and emphasised its past record in achieving efficiency savings

“We have operated an efficiency programme for many years. Last year, we achieved savings of “1.8 million, against a target of £1.2 million. These savings are largely in procurement and organisational change in asset utilisation. Over the period from 2008, we have saved £17 million, against a target of about £8 million to £9 million. Therefore we have a history of being able to make savings.”

10. In response to a question on how close VisitScotland was to the point where efficiencies become cuts, VisitScotland responded that “it was about managing the business properly” and that it did not see a need to “cut back on anything.”
The CTEERC commends VisitScotland and Creative Scotland for their ability to manage their budgets in the context of real-terms cuts, but would encourage the Scottish Government to consider the point at which flat cash settlements result in a reduction in the projects, support and services that can be delivered by these two bodies.

**Yearly Budgetary cycles**

11. As there was not a long-term Spending Review at the UK level, the budget has again been allocated on a yearly basis. From a planning perspective, this presents publically funded bodies, particularly those involved in the creative arts, with a distinct set of challenges.

12. As Alex Reedijk, General Director of Scottish Opera explained in his written evidence to the CTEERC:

> 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.\(^7\)

13. The CTEERC asked Creative Scotland if a three-year cycle would provide greater certainty in relation to funding arrangements. Ms Archer was of the view that:

> “If we had a greater level of surety and some sort of forward look, that would enable us to identify the challenges and look at how we can build up solutions within a proper planning framework, as opposed to having to be reactive on a year-on-year basis.”

14. According to the Cabinet Secretary, the Scottish Government wanted “to be able to return” to a longer term model:

> “We are conscious of the importance of being able to plan ahead. A lot of organisations, particularly cultural organisations, arrange what they do years in advance. As the culture minister, whatever the challenging circumstances, I have tried to give organisations a sense of stability, and we try to support them as well as we can.”\(^8\)
The CTEERC commends the Scottish Government for trying to provide a sense of stability to cultural organisations when it is unable to provide longer-term clarity on funding, and stresses the importance of reverting to a three-year budget cycle when this is possible in order to provide cultural organisations more security in planning their activities.

Underspends and Transfers

15. The Session 4 European and External Relations Committee criticised the Scottish Government for not spending its External Affairs budget in its entirety and for transferring funds to budget lines outwith the External Affairs portfolio. Members sought assurance from the Cabinet Secretary that a similar situation would not be repeated this financial year, particularly given the added pressures that would likely result from the UK’s decision to leave the EU.

16. On the issue of underspends, the Cabinet Secretary argued that the efficient use of public money was more important than a pre-occupation with spending the entirety of the budget. She went on to explain that the transfer of funds across budget lines afforded the Government greater flexibility to deal with policy demands. The allocation of funds to the Local Government budget was one such example.

The CTEERC notes the comments provided by the Cabinet Secretary regarding underspends and transfers and expects to be informed of any underspends or any transfers of funds across budget lines following the conclusion of the financial year.

New powers for the Scottish Parliament

17. The Scotland Act 2016 introduces a range of new powers, including greater control of taxation and responsibility for Air Passenger Duty (APD).

18. Both VisitScotland and Creative Scotland welcomed the Scottish Government’s commitment to reduce APD over the course of the parliamentary session. VisitScotland explained:

We have had a look at some average prices. It is always difficult, because airline pricing fluctuates according to demand, but we had a look at new markets including India, and we found that if we took the average current price of a flight into London from Delhi and transferred that to Scotland, the APD reduction could take about 7.5 per cent off the price that a visitor would have to pay. The biggest part of our market is still Europe. Sixty per cent of international visitors come from Europe, so the impact of reduced APD would perhaps be slightly lessened because the duty on the ticket price is not so great, but it would certainly have a positive impact.
19. In its written evidence to the CTEERC, the Edinburgh International Festival provided a breakdown of income derived from ticket sales, indicating the value of VAT receipts from expenditure at arts festivals and cultural events. Ms Archer outlined the case for considering the contribution that cultural organisations could bring to the Scottish economy through VAT receipts, as well as to society more widely:

“It is critical that we do some remodelling and look at how Scotland can maximise the new powers that it holds. That applies not just in the context of taxation, but across the piece. Consideration must be given to what can be done in relation to the contribution that artists make to social welfare, health and education. Are there ways in which one can incentivise a greater contribution from artists?”

The CTEERC recognises the broader contribution that cultural organisations make to society as well as the generation of VAT receipts, and will examine this contribution in more depth in the future.

External Affairs

The European Strategy

20. According to the 2017-18 Draft Budget one of the stated aims of the External Affairs budget line is to help Scotland participate to “the fullest extent in negotiations on the UK’s future relationship with the EU, ensuring that Scottish interests are protected and promoted.”

21. The CTEERC questioned the Cabinet Secretary on the reduction in the European Strategy budget line from £1.66 million to £910,000 in 2017 in light of the stated need to protect and promote Scottish interests in the budgetary year when negotiations are taking place on the UK’s withdrawal from the EU. The Cabinet Secretary clarified the Scottish Government’s position, explaining that a new budget line for the Brussels Office had been established (which is supported by £1.14 million), stating that:

“The important thing is that there is a net increase in the resources that are available to support European activities post-Brexit. It is organised in different budget lines and the Brussels office budget line—more than £1 million—is new.”

The CTEERC welcomes the clarification that more funds are being allocated to the Scottish Government’s Brussels office to meet the challenges associated with the UK’s departure from the EU.
European Structural and Investment Funds

22. The suspension of some of the European and Structural Investment Funds programmes, and progress in committing funding under the 2014-2020, has been an issue of concern for the CTEERC. In the Cabinet Secretary's letter to the CTEERC on 16 December, she included as an annex, information on EU funding following the referendum which was provided by the Cabinet Secretary for Economy, Jobs and Fair Work. The annex stated that £383 million had been committed under the current programmes, leaving over £400 million of EU funding still to be committed in the programme, or risk being lost, and match-funding found by public bodies for projects.

23. All funding committed before the UK leaves the EU will be guaranteed by the UK Government with the funding guarantee passed on by the Scottish Government. Although the Cabinet Secretary does not have portfolio responsibility for such matters, she was able to provide a general overview, explaining that:

“We are conscious of the importance of ensuring commitment on spend and particularly the allocation that is the responsibility of the UK Government for the period 2014 to 2020, and we recognise that because of the potential difficulties that we anticipate as a result of the Brexit vote we must ensure that there is an early stimulus to economic activity”

24. Given the importance these funding streams have for the public sector and beyond, the CTEERC pressed the Cabinet Secretary for some indication of when the programmes might end, whether it would be at the end of the programme period in 2020 or possibly earlier.

25. The Cabinet Secretary pointed out that these issues were inextricably linked to the wider uncertainty relating to the UK’s departure from the European Union:

“I think that it depends—and not on us, unfortunately; the ball is most definitely in the UK Government’s court as to when it seeks exit, what type of exit it wants and, whatever solution it comes up with, whether there will be a continued commitment to funding arrangements in any shape or form, in which case we might expect something further.

“The real problem that we have as of now—this is an area on which I probably have more direct responsibility and more understanding—is that if there is an exit before 2020 that is a clean break, a hard Brexit and the end of everything, no one will anticipate any funding streams continuing, unless arrangements are made for things like horizon 2020, which is very important to us, or some of the other good programmes and relationships that we might want to continue, such as Erasmus and Interreg.”

26. Given this uncertainty, the CTEERC inquired about whether EU funding had been discussed at any of the intergovernmental meetings within the JMC structures. The Cabinet Secretary explained that one meeting of the JMC(EN) had taken place since the
EU referendum and expressed a concern about the degree to which ongoing EU issues were being considered:

Alasdair Allan has been attending the joint ministerial committee on Europe, which is related to on-going issues. It is really important that we do not just think that everything is about the Brexit situation. It is also about how we ensure that we do not lose ground between now and the UK leaving. Unfortunately, the time and attention that the UK Government is giving to the regular, continuing work until 2020 or otherwise have not been at the levels that they should have been at. We are impressing that on the UK Government and we will continue to do so.\textsuperscript{16}

The CTEERC thanks the Cabinet Secretary for Economy, Jobs and Fair Work for the information relating to European and Structural Investment Funds and intends to write to him to request details on progress in committing funds due to the challenge of meeting match-funding requirements, as well as the risk that the funds are not committed – and therefore lost – before the UK leaves the EU.

**Trade Hubs**

27. The First Minster recently announced the opening of a trade hub in Berlin and the CTEERC questioned the Cabinet Secretary about the role of the hubs. Whether, for example, they would focus on purely economic issues or whether would they would serve a more general purpose.

28. The Cabinet Secretary explained that it was the Government’s intention that the hubs would perform a range of functions:

There is clearly an economic drive behind our approach to all our innovation and investment hubs, but a lot of economic activity depends on relationships with Governments, which vary from country to country. That is less the case in the States, but it is absolutely central to activity in other countries where intergovernmental relations are really important, and having a ministerial visit or ministerial connections can make a difference to investment. I expect the Berlin office to cover business, but culture and creativity as well—it is important to have a hub for that as part of our international relations.\textsuperscript{17}

29. The CTEERC welcomes the Cabinet Secretary’s comments regarding the use of trade hubs and their role in promoting Scottish interests internationally. To understand how the hubs contribute to the promotion of Scottish interests, members inquired about the mechanisms in place to measure their success. While the Cabinet Secretary conceded that it was difficult to measure their impact in purely monetary terms, she explained that:
We can also ask whether they have an impact on Scotland’s profile, and again the answer is yes. We can measure Scotland’s positioning through the Anholt-GfK nation brands index, for example, but some of this is actually far more subtle and nuanced.\(^\text{18}\)

The CTEERC welcomes the Scottish Government’s approach to the trade hubs, particularly given the need for Scotland to promote itself internationally following the EU referendum. The CTEERC will seek to be updated on the progress of these hubs as they are developed.

**International Development and Humanitarian Aid**

30. The International Development Fund accounts for a significant proportion of the External Affairs budget and the Scottish Government has increased it by £1m to £10m for 2017-18. In previous years, the Scottish Government has used some of the International Development Fund to provide emergency humanitarian funding in areas like Nepal and in response to the refugee crisis in Southern Europe. From April 2017, a new Humanitarian Aid fund worth £1 million will be established to support the Scottish Government’s international humanitarian aid work.

31. The Session 4 European and External Relations Committee had questioned whether there was a risk that the Scottish Government spread development aid resources too thinly. The Cabinet Secretary confirmed that the Scottish Government would be focusing its attention on Malawi, Rwanda, Zambia and Pakistan in the coming year, with particularly attention being given to women’s education.

32. The Cabinet Secretary explained that a proportion of the Scottish Government’s work relating to the UN’s Global Goals would focus on women:

> “We are doing some work on peace and reconciliation, which has been identified as an area of work by the United Nations. We have done some training and work with Syrian women in that regard. The United Nations has been keen to work with us on that activity because the Parliament as a whole has a strong commitment to women in democracy and has three women leaders.”\(^\text{19}\)

33. The CTEERC questioned the Cabinet Secretary on why the Scottish Government chose to fund projects directly rather than via governments and whether such an approach made it easier to track where the money goes, thus alleviating concerns regarding the misuse of funds. Ms Hyslop confirmed that:

> “It is easier. I remember speaking to a minister in the Foreign and Commonwealth Office in Whitehall when direct funding was being withdrawn from the Malawi Government. They were interested in our model and were considering doing something similar in the interim. The European
commissioner was also interested in that people-to-people approach, which is more sustainable because the relationships are strong.”

The CTEERC welcomes the £1 million increase in the Scottish Government’s International Development Fund and the introduction of a new humanitarian aid budget worth £1 million and will monitor its impact.

Culture, Tourism and Major Events

Access to Culture and Heritage

34. According to the draft budget 2017-18, one of the aims of the Culture, Tourism and Major events budget is to:

“…contribute towards enhancing the quality of life for individuals and communities throughout Scotland by creating the conditions which enable artists to flourish and as many people, groups and organisations as possible to benefit from and enjoy our culture and heritage.”

35. The CTEERC considered the extent to which those throughout Scotland were able to participate in the arts and benefit from Scotland’s art and heritage, particularly in more rural areas.

36. As Creative Scotland is the main distributor of the Scottish Government’s funding for the arts in Scotland, Ms Archer outlined how Creative Scotland worked to ensure equitable access to the arts across the country:

“We have seen quite significant shifts, both through the regularly funded portfolio—we are reaching out into more local authority areas than we had reached out to previously, through both Creative Scotland and the Scottish Arts Council—and through our open project funding. We have just announced open project funding awards in the past few days. If you look at that release of funding, you will see that our work is reaching out into a very broad range of different kinds of places. We have committed to doing that as part of our investment strategy, and we will continue to mobilise funds to as many places as we can.”

37. Ian Munro, Creative Scotland’s Deputy Director, provided information regarding Creative Scotland’s use of place based working programmes:

“We also have a strategic programme of place- based working, whereby we have time-limited strategic partnerships with different parts of the country to work with their local communities—the local arts and creative community as well as the wider public and the organisations in those areas—to establish how we can help to bring about a step change in the offer in those
areas, to build that capacity and to give rise to a ripple effect that flows into the open applications.”

38. The CTEERC sought assurances from the Cabinet Secretary regarding the equitable distribution of culture and heritage throughout the country. The Cabinet Secretary confirmed that she was very committed to an approach to take arts and culture to communities throughout Scotland. She stated that:

“A key driver in the programme for government and from the First Minister is that we tackle inequalities across Scotland. Some of the inequality is geographic, but obviously some of it clearly comes from poverty.”

39. The Cabinet Secretary recognised that there were some budgetary challenges as a large part of the budgets, particularly for the national collections, was spent on staff. She also recognised that there had been a reduction in the youth music initiative, but pointed out that it had not been subject to any reductions in previous years. The Cabinet Secretary also wanted outreach to reach schools across Scotland, and not just the large cities as “research has shown that young people are more likely to be the audiences of the future for companies and cultural activities if they have participated in arts and culture at an early age.”

The CTEERC commends Creative Scotland for aiming to ensure equitable access to the arts across Scotland. The CTEERC recommends that the Scottish Government’s upcoming Culture Strategy include specific provisions to ensure that communities throughout Scotland can enjoy the countries culture and heritage.

**Tackling Inequality**

40. Sistema Scotland’s stated aim is “to bring permanent transformation to the lives of some of the most disadvantaged children and their communities in Scotland” through its Big Noise orchestra programmes. In its written submission to the CTEERC, Sistema Scotland cited a strategic evaluation partnership with Glasgow Centre for Population Health (GCPH), which had evaluated the long term outcomes delivered for participants, families and the broader community involved in its music projects. The research 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.”

41. Ms Archer also pointed out to the CTEERC that the arts play a pivotal role in society not simply from a cultural standpoint but because of the impact they can have on health and wellbeing, the economy, and education and innovation. The CTEERC questioned Creative
Scotland about any work that it had supported which would have a preventative effect. Ms Archer stated that:

“We are now in a position where we have to really understand how culture and creativity can play into prevention and look at what culture and creativity can contribute to society, and disaggregate the value of what that offers. We are most definitely thinking about doing that.

“It is complex when we are looking at the overall ecosystem of not only publicly subsidised organisations but organisations that sit within the creative industries that do not receive regular public funding—and, of course, there are many more of those. Some 14,000 businesses operate in the creative industries. They all contribute back on a societal and an economic level and it is absolutely vital that, as the national funder and development agency, we have a proper understanding of that, so the short answer is, “Yes, it is something that we are interested in.”

The Draft Budget 2017-18 includes a reduction in the discretionary budget for Other Arts of £324,000 in cash terms and £500,000 in real terms. This budget line includes the ring-fenced funding managed by Creative Scotland for various projects such as the Youth Music Initiative, Expo Fund, Festivals and Arts & Businesses. With respect to the funding of the Youth Music Initiative, the Cabinet Secretary explained:

“This year, the budget is having to take a reduction because, in order to protect other parts of the budget, everybody has had to take some reduction at some point. Because we have the experience and the efficiencies of 10 years of activity, we know that we can deliver the initiative a bit more flexibly. One of the changes is that we are not putting the limit at primary 6; even just saying that the target is the end of primary school will provide a bit more flexibility for delivery.”

The CTEERC commends the Scottish Government and Creative Scotland’s commitment to tackling inequality through the use of the arts and would encourage them to examine, in more detail, the contribution cultural activities make to Scottish society.

Major events

43. The draft 2017-18 budget provides an additional sum of £17.7 million for major events, taking the total proposed budget to £30.3 million. This includes additional funding of £7.9 million for the 2018 European Championships; £2.4 million for the 2019 Solheim Cup; and £2.4 million for the UEFA Euro 2020 Championships.

44. With regards to the funds allocated to major events, Ms Hyslop explained that:

“the budget line will gear up to support events, as happened for the Commonwealth games, for example. We have the Solheim cup, and in
2020 we will have the European football championships. Those events will see a steady increase in their funding until their delivery.”

45. Ms Archer explained that the focus for Creative Scotland would be the 2018 European Championships, which would be held in Glasgow using the facilities for the Commonwealth Games, and themed years. She explained how Creative Scotland would seek to support work that would engage with young people in 2018:

“We are looking at how we can build on the fantastic work that happened in 2014 with the Commonwealth games and in 2012 with the Olympics. There are long-standing relationships to grow.

“2018 is also the year of young people, so we are considering how that theme can weave through everything and how we might lift Scotland into celebrating the international context in which the championships are taking place and connect young people from Scotland with young people from other parts of the world through that process. Those are some of the things that we are doing in that space.”

46. In response to questioning by the CTEERC on how value for money would be ensured for the injection of funds into the major events budget line, the Cabinet Secretary stated:

“On the impact of the additional money, I refer the committee to how we measured activity around the Commonwealth games. These are big events. Tourism is expanding, as is our opportunity to showcase Scotland as the place to come to for people who are looking for the perfect stage for major events.”

“On monitoring, I expect the committee to be interested both in major events and in the Census, which is the other big budget item that I mentioned. We will work with the committee on how it wants to be involved in or follow the progress of the development of the Census. It is still quite early days in that regard, and I am sure that it is something that we will come back to as the process continues. However, this is the first year in which we are seeing a major shift in gearing up for those events.”

The CTEERC welcomes the use of additional funds for major events, but wishes to see further evidence of how they benefit Scotland culturally and economically. The CTEERC expects to play an active role in the Census and would appreciate regular updates from the Cabinet Secretary regarding its progress.
The Scottish Screen Sector

47. With regards to Scotland’s screen sector, the Draft Budget 2017-18 makes the following commitment:

“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.”

Ms Archer also provided an update regarding the state of film and television production in Scotland, stating that:

“Last week, we were able to announce record levels of film and television production. In 2015, it was £52.7 million, which absolutely proved that Scotland’s talent, crews, facilities and award-winning locations continue to be a huge attraction to major international productions.”

49. Members welcomed the progress made to date and enquired about the delivery of the enhanced screen unit. Ms Archer explained that the project would be a collaborative effort with the Scottish Government, Scottish Enterprise, the Scottish Further and Higher Education Funding Council and Skills Development Scotland. While currently in its infancy Ms Archer did clarify that the project would need be to developed in an incremental and practical way and the bodies were currently working through the process in detail.

The CTEERC is encouraged by the work to date to enhance Scotland’s screen sector but considers that more work is needed in order to promote Scotland’s full potential. The CTEERC would appreciate regular updates from Creative Scotland regarding both the enhanced screen unit and the sector more generally.

Tourism

50. In its written submission to the CTEERC, VisitScotland outlined how it worked with international partners to promote Scottish interests. During the CTEERC’s evidence session, Mr Roughead explained that:

“Over the last decade or so we have been building up our strategic relationships. A lot of it is about knowledge exchange, so it is pretty low cost. In other areas, we have been actively involved in giving advice and support, so we have strategic relationships with some of the Canadian provinces, across Europe, and with Norway, Sweden, Iceland and Malta.”
The CTEERC was also interested in how VisitScotland worked with the private sector to promote Scotland. Mr Roughead explained that:

“We work very closely with brands. A good example is The Macallan, made by Edrington; we do a lot of work with it in North America. We work with some of the other brands in Asia, in a slightly different way. It all depends on what their relative strengths are. We are there to work with as many as possible, rather than just a few. We tend to find that the smaller distillers are much more proactive, because they are trying to break into markets, rather than defend a market share.”\(^{37}\)

Likewise, culture and the creative arts form an integral part of the Scotland brand and contribute to Scotland being a popular tourist destination. Members also questioned Creative Scotland on its relationships with the private sector. Ms Archer explained some of Creative Scotland’s work in this area:

“We fund Arts & Business Scotland, which is set up to encourage private sector investment and to help organisations to diversify their income streams. It does some very proactive work in that space. There is more that we can do. We could better understand the way in which the organisations that we fund have connections with the private sector. Some of our large cultural organisations have fantastic relationships with the private sector and we see sponsorship coming to festivals and programmes of work.”\(^{38}\)

Ms Archer also explained how this type of work might progress in the future:

“There are lots of different things that can be done; it is about not just cash, but expertise, space, networks and brokering opportunities for conversations that can benefit the different ways that Scotland’s creative businesses work.”\(^{39}\)

The CTEERC welcomes the approaches taken by VisitScotland and Creative Scotland to develop Scotland’s international reputation. Given the benefits that the private sector derives from the Scotland brand, the CTEERC would like to see greater collaboration going forward and would encourage Creative Scotland and VisitScotland to consider how this might be achieved.

Accessible and inclusive tourism

In its evidence to the CTEERC, VisitScotland highlighted two initiatives designed to attract additional visitors to Scotland, namely accessible and inclusive tourism. Mr Roughead explained:

“…the approach that we took was very much looking at it as a business opportunity. At the start, when we did the research we found that
somewhere in the region of £9 billion went unspent in the United Kingdom, because people were not aware, or did not know, that their particular disability would be catered for. To get industry buy-in, because it is about perception and people think that it is going to cost a lot of money, we have to get across the fact that it can actually just be very simple things that make a huge difference, as you have outlined. We built a number of case studies of people who have been very successful in that particular area; it is far better that that is peer-to-peer, rather than us telling people what to do.

“Over the last few years that figure has grown; I think that there was a 20 per cent increase to £1.3 billion. We are not finished yet; there is a lot more that we can do. We work very closely with an organisation called Euan’s Guide, which has been particularly helpful, but there are others that we work with, such as Hearing Dogs for Deaf People, and we will carry on pushing that particular message. We have accessibility toolkits online on visitscotland.org, but, as I say, there is much more that can be done.”

The CTEER C commends Visit Scotland for its work in promoting accessible and inclusive tourism and recognises the continued need for progress in this area.

The South of Scotland

54. The draft budget 2017-18 includes a commitment to, “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.”

55. Although in its fledgling stages, Mr Roughead explained that VisitScotland was working with local authorities in the area to develop:

“…a clear strategy across the region that details what we are trying to achieve collectively, because it is important that people work together, not as individuals and individual organisations. We must have common goals and objectives, and we can then see how we can deliver those. It is not that we do not already engage with the local authorities and the industries in the area, but we can be a little bit clearer about what we want to achieve collectively.”

56. Mr Roughead explained the reasons for the focus on the South of Scotland:

“The challenges exist across the whole country—I do not think that they are different from those in the Highlands or the islands. A lot of the challenge is in getting people to work together, creating critical mass and looking at how we can utilise the attractions to maximum effect. It is about access into and
around the area, and it is about ensuring that people’s voices are heard using the platforms that are there. Some of that will be delivered by VisitScotland on their behalf, although others may be involved. We need a cohesive plan that pulls that all together. There are lots of assets around the place, but I get the feeling that they are not working together, so we are not getting the maximum benefit from them.”

The CTEERC looks forward to greater clarity on the focus of agencies such as VisitScotland on the South of Scotland, and how that will work in the context of efforts to promote tourism across the country.
Annexe A

Extracts from the minutes of the Culture, Tourism, Europe and External Relations Committee

9th Meeting, Thursday 27 October 2016
1. Decision on taking business in private: The Committee agreed to take item 4 in private.

16th Meeting, Thursday 22 December 2016
2. Draft Budget Scrutiny 2017-18: The Committee took 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 took 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.

1st Meeting, Thursday 12 January 2017