

## Art Fund Submission to Inquiry into Budget Scrutiny 2024:25: Funding or Culture

### Key Questions:

#### 7: Information about your organisation

Art Fund is the UK charity that connects museums and people with great art and culture. Our charitable programme gives millions of pounds in grants and supports hundreds of museums, galleries, and historic houses in Scotland and across the UK. Our work is guided by our strategic priorities: funding art, audience-making, and amplifying the museum sector. Art Fund has 850+ museums and galleries in our membership, with 116 based in Scotland. We have consulted with several of our members in Scotland to inform our response to this consultation and have referred to them as our partner museums.

**8: In our pre-budget report last year, the Committee described the operating environment of the culture sector as facing a “perfect storm” of long-term budget pressures, reduced income generation, and increased operating costs. How has this evolved over the last 12 months? What impact has the Budget for 2023-24 had on the culture sector?**

### Response:

Art Fund is the UK charity that connects museums and people with great art and culture. Our charitable programme gives millions of pounds in grants and supports hundreds of museums, galleries, and historic houses in Scotland and across the UK. Our work is guided by our strategic priorities: funding art, audience-making, and amplifying the museum sector. Art Fund has 850+ museums and galleries in our membership, with 116 based in Scotland. We have consulted with several of our members in Scotland to inform our response to this consultation and have referred to them as our partner museums.

Art Fund Museum of the Year – the world's largest museum prize – celebrated the Burrell Collection as the 2023 winner and Scapa Flow Museum as a 2023 finalist. Having two Scotland-based museums shortlisted for such a prestigious prize, demonstrates the ability of museums in Scotland to deliver world-leading work that serves local communities, and attracts visitors from further afield. Yet in a context of twelve years of shrinking budgets, museums and galleries in Scotland are all too often stuck managing decline, despite their proven ability to innovate at scale.

#### [Strains on core funding](#)

Organisations across the sector in Scotland have reported that there has been a strain on core funding in the last twelve months. The continuation of standstill

funding has seen ongoing real-term cuts as inflationary pressures persist. Alternative sources of core funding are limited and difficult to access, due to it being harder for organisations to evidence the impact of core funding over project funding. Whilst the proposed 10% cut to Creative Scotland's Grant in Aid did not materialise, the high levels of public support to reverse the cut, demonstrate strong public and sector need for this funding. Overall, the 2023-24 budget has meant that less can be done with the same amount of money, growth has been limited, and many organisations continue to be at operational risk.

In our commissioned research into 10 years of Art Fund Museum of the Year, published in July 2023, there is clear evidence that UK-wide dedicated funds, such as the Museums and Galleries Exhibition Tax Relief (MGETR), need to be continued as powerful forms of support that supplement other funding sources and target specific needs. However, the research noted a disparity in national funding provision for museums across the four nations, with an urgent need for targeted funds in Scotland for capital investment and for acquisitions.

### Declining local authority funding

As non-statutory services, local authority funded museums in Scotland have continued to experience significant cuts, despite their work delivering against statutory priorities such as education, climate justice, and health. It is the very things that bring museums to life for their communities, such as outreach, education, and health and wellbeing, that have become increasingly difficult to sustain over the last 12 months. Urgent support is needed for this vulnerable part of the sector.

A partner gallery who is local authority-funded articulated that the sector is not only at risk from direct cuts, but also wider cuts made across local authority services to address the £1bn of spending pressures in Scotland. For example, reductions of specialist staff in education who previously supported connections between local cultural organisations and education providers, has made creating partnerships - that are essential to delivering vital services to local communities - increasingly time-consuming and challenging to establish, and thus at real risk.

### Inadequate acquisitions and commissioning budgets

When Art Fund was founded 120 years ago, its primary aim was to support art and objects for the benefit of the public and we continue to work to ensure the most remarkable art and objects are in public collections. However, funding for public acquisitions is under increasing pressure due to the combined impact of sharp inflation in the art market and dwindling acquisition budgets. The latest annual figures from the Scottish National Fund for Acquisitions show 50 payments were made with a total value of £204,219 to support acquisitions worth over £700,000. In contrast, funds in England such as the ACE/V&A Purchase Fund shows 72 payments made with a total value of £725,000 to support acquisitions worth over £3million. This means that individual acquisition grants in England receive on average over double the amount of funding than is received in Scotland (£10,069 compared to £4,084 respectively). The limited acquisition funding in Scotland has meant that budgets often run out well before year-end. Further support is needed from Scottish Government to ensure acquisition funding is prioritised and available year-round. Acquisitions are not only central to the future of museums, but they also

provide an opportunity to speak to a diversity of communities, histories, and art forms that can educate and inspire audiences.

Furthermore, the National Fund for Acquisitions does not fund artist commissions, leaving Art Fund as one of the only funders in Scotland to support commissions and enable cutting edge contemporary art to enter collections. This has limited the growth of commissions in Scotland, which are critical in engaging audiences with the challenges and opportunities facing communities today, as well as supporting work to be made by a greater diversity of artists. For example, our recent Heather Philipson commission for Art Night saw new work commissioned and acquired by the McManus Gallery, that reimagined UK wildlife and inspired children in Dundee to respond creatively to the threat our environment is facing.

### [Income generation challenges](#)

Partner museums have reported that the ongoing cost-of-living crisis has meant that audiences are not spending at pre-pandemic levels, with reduced spend being reported across all audience types. Whilst many organisations have been working to recover shops and cafes after the pandemic, the fluctuation of income due to market demand and seasonality has meant secondary spend has been an unreliable source of income.

Where local authority museums are generating profits, the money is invested into the wider local authority and not given back to the museum or accrued for future use, which means they can't save or plan for future years. Scottish organisations have also reported that pressures on core income have reduced staff's ability to fundraise from other sources, due to competing demands on budget and staff capacity. We note that recent research by Creative Scotland identified that museums and galleries were showing significant resilience in visitor confidence because they were free and affordable for families in a cost-of-living crisis. Whilst we support the continued free entry policy, we are aware that museums lack the basic ticket income other art forms receive and are more dependent on wider earned income. Support for diverse income generation is therefore central to the survival and growth of museums.

### [Rising operation and staff costs](#)

Rising building and operation costs is a particular challenge for museums and galleries that are often housed in historic listed buildings. Museums Galleries Scotland (MGS) data found that several organisations have reported increases between 40% to 120% in energy bills in the last twelve months, with no organisations reporting any decline in costs. Whilst some organisations have been eligible for the Energy Bill Discount Scheme, museums have reported that they are yet to see the benefits of such schemes.

The introduction of fair working practices has been a hugely positive step in providing staff with real Living Wage, however, to afford this additional cost many organisations are now unable to extend or continue short-term contracts, and have been unable to afford other core running and programming work. Organisations have also reported that they have been operating on a skeleton staff, having to close when a member of staff is on holiday or ill due to a lack of funding for staff capacity. There has also been losses of specialist roles including curation, outreach and education, which are essential in bringing to life the stories of museum collections for

their audiences. Our museum partners in Scotland have found volunteer recruitment has been an ongoing issue since the pandemic, with many organisations not being able to recruit at pre-pandemic numbers in 2023. All these factors continue to negatively impact staff well-being and retention, as well as threaten the quantity and quality of programming that engages, inspires, and educates audiences.

#### Local audiences and the tourism economy

Previous winners of Art Fund Museum of the Year, including the Burrell Collection, Aberdeen Art Gallery, and the Gairloch Museum, have proven that museums and galleries in Scotland have a unique ability to meaningfully engage local audiences, drive the tourism economy and promote the nation on both a UK-wide and international stage. Recent research by the British Council Scotland and Creative Scotland further noted the success of a nation of 5 million people having so many world-class institutions that drive national and international visitors.

However, investment in the cultural sector does not sufficiently support the work that is needed to continue to deliver such high quality offers for audiences. A Scottish museum partner commented that the last twelve months has seen the impact of cuts become more visible to their museum's audiences, as programming, acquisition, and outreach budgets are swallowed by operational costs. If this continues, the sector is at risk of the strength and depth of engagement that it provides audiences with disappearing at pace. Partner museums have also reported that the strain from austerity and the pandemic are forcing museums to reassess their business models by weighing up institutional financial stability against the stability of audience numbers. Now more than ever investment is needed that supports the sector to achieve sustained growth in the national and international tourism economy and deliver for its communities.

**9 Our report also concluded that that this crisis provides an opportunity to accelerate innovative solutions to the budgetary pressures within the sector. What progress has been made on this in the last 12 months? And at a time of limited resources, what other innovative approaches could the Scottish Government take forward to support the culture sector?**

**Response:**

#### Formalising a whole system approach

The whole system approach identified in last year's funding report is vital to the growth of the sector. Whilst museum partners have noted that this year they have seen a positive increase in dialogue and intent to work cross-departmentally, they have not yet seen the impact of these conversations in practice. To support the whole system approach, formal process and governance needs to be put in place. This needs to be backed up with funding, for example, a percentage of spend from other departments being allocated to culture, recognising its role in both prevention and income generation.

Art Fund has worked with several other sectors in 2023 to great effect. For example, The Wild Escape saw partnership working with the National Trust Scotland, WWF

and RSPB create opportunities for thousands of young people to visit museum and gallery collections and learn about biodiversity. 53 museums and galleries in Scotland took part in The Wild Escape with £40,650 given to MGS to support organisations to take part. We believe that the success of our programmes that work in partnership with other sectors can be rolled out more widely. We see a critical role of the Scottish Government to resource and facilitate partnerships, programmes and innovation between sectors at scale, that creatively address the issues of the future.

Scottish Government support for culture also has the ability to further support cross nation partnerships. Our work in support for touring has seen successful partnerships, for example, National Galleries Scotland and Tate touring 'Artists Rooms', loans of objects and art shared UK-wide through our 'Weston Loan' programme, and our 'Going Places' research funded in partnership with Creative Scotland. This research articulated the important role of partnership working between the four nations and we look forward to supporting this work through our new Going Places programme.

Our 2023 research, *Pleasure, Connection and Purpose: How museums can leverage emotions to build greater public support*, found that museums have a unique ability to emotionally connect with a broad range of audience types and instil feelings such as curiosity, ownership, and hope. Museums have an important role to play in cross-sectoral working with an ability to unlock meaningful engagement with a variety of societal issues, which leads to actions that can change the way our communities operate and improve the lives of those within them.

Museum partners also commented that Scottish Parliament cross-department working has the potential to further encourage a whole system approach at a local authority level. Previous winners of Art Fund Museum of the Year have told us that being included in local authority strategic initiatives, such as cultural and industrial strategies, has supported the sustainability of their work, as well as wider income generation. Edinburgh City Council's involvement of museums in their strategy to decolonise the built environment in the city is an example of this. Targets to increase the numbers of cultural representation in decision-making groups, such as planning partnerships, would further support ways of working with local authorities, public sector bodies, the NHS, charities, and businesses.

#### Skills development to support income generation

Income generation should always be the first port of call over cuts. Museums in Scotland face a number of income generation challenges. Museums and galleries in Scotland have reported that a lot of their time is spent running day-to-day operations and they neither have the capacity to bid for further projects and funding, nor enough capacity to manage and deliver them. Additionally, the commitment to free entry while critical in widening access, does mean that organisations cannot fully benefit from admission charge levies. Therefore, targeted support for alternative income generation is essential.

We note that the new 2023 strategy for Culture and Business Scotland cites a need for culture sector organisations to shift from a subsidy to a sustainability mindset, by developing refreshed business and operational models to unlock organisational

potential. We know that new approaches are needed to support impactful change in the sector with resources that enable this to happen. Positive transformation is being limited by capacity issues and a lack of skills in the sector to improve income generation. Scottish Government could prioritise support for targeted skills development that offers comprehensive free training and resources to generate diverse income, as well as simplify processes for this to be reinvested into museums.

**10: The Committee called for the forthcoming refreshed Culture Strategy Action Plan to provide a clear and strategic sense of how the Scottish Government is working to ensure a more sustainable future for the sector. How should the refreshed Culture Strategy Action Plan help to inform future budgetary decisions within the culture sector?**

**Response:**

As the refreshed Culture Strategy Action Plan has not been published, we are unable to comment on its use. We support the ambitions of the Culture Strategy to centralise the role of culture across wider policy areas. There is urgent need for resources to be allocated against the refreshed action plan so that all relevant sectors are able to meaningfully deliver against it.

As the Culture Strategy Action Plan was written prior to the pandemic and the cost-of-living crisis, updates that respond to the current context are needed. With such rapid changes in the operating environment, many organisations and individuals in Scotland are working in an increasingly challenging context of economic decline. Government strategy needs to proactively plan for structural changes to mitigate this, before vital cultural infrastructure is lost. A structural review of funding for culture is needed to respond to this decline, the nuances in locations and sizes of museums and galleries across Scotland, and the role of the sector in delivering against wider policy outcomes. A framework for how the actions are sustainably funded is essential for the sector to be able to engage with, and benefit from, future strategies and action plans.