

**Edinburgh International Festival Submission to Inquiry into Budget Scrutiny**  
**2024:25: Funding or Culture**

**Key Questions:**

**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:**

The perfect storm described above has worsened in the last 12 months. Within the culture and events industry, inflation is running at c20% as the costs of goods and services that are required to deliver events are rising faster than the underlying rate of inflation. This has been exacerbated by a further year of standstill public support.

The impact of the decisions leading up to the 2023-24 Budget, as well as the Budget itself, has added to the uncertainty and fragility of Scotland arts and culture sector in the short, medium and long term.

It was disappointing that a £6.6m reduction in Creative Scotland’s budget was proposed in the Draft Budget in December 2022, and that, along with a public campaign, it took until Stage 3 of the Budget in late February 2023 to reverse it. On February 21, 2023 Creative Scotland said this reinstatement “follows a great deal of work from Creative Scotland in setting out the impact and implications of the proposed budget reduction”, this underlines how much time and effort had to be expended by an organisation, designed to support the arts and culture sector, in turning inwards to make the case to financial decision makers in Government

We understand the landscape of public sector funding and that finding ways to support organisations across multiple sectors is incredibly challenging, however we are at a stage where arts and culture organisations are either balancing on the edge of viability or have sadly been unable to continue in the face of over a decade of stagnated public investment. The collective focus of Creative Scotland and all decision makers within Government must be placed on working with the arts and culture sector to rescue and safeguard the future of this industry and the thousands of workers and freelancers it supports.

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The operating environment laid out by the Committee's report is one which Edinburgh International Festival recognises. Our core public support comes from Creative Scotland, and the City of Edinburgh Council, and we also receive some project-specific support directly from Scottish Government – the EXPO fund for example – and international government/agency funding to support international artists to perform.

The last time we were able to be competitive and ambitious, rather than managing decline, was 2008 – at this point we received just over £4.7m in public funding (equivalent to just over £7.1m at 2023 prices), this has since reduced to £4.423m in 2023, a real-terms cut of 41%.

In April we received confirmation of our funding for 2023-24 from Creative Scotland, this was the same month our programme for this year was published. For context, we spend between 1 – 4 years curating a Festival programme, developing works with Scottish and international companies and artists and securing touring performances. This year our programme was finalised in January, our brochure went to print in March and was launched in April. This illustrates the significant risk that our organisation had to take this year, in the absence of confirmed funding, to finalise our programme and realise the festival

Expectations on cultural organisations receiving public sector support also remain unrealistically high, often with requirements for 'additionality' and contribution to policy agendas outwith their core purpose, even in the face of real-terms cuts.

The current funding environment also means we are driven towards programming content which is more likely to be commercially successful, as opposed to that which may involve more creative risk, or which showcases emerging or lesser-known talent/ work. The latter requires subsidy to underwrite costs as ticket revenue will be less than that for 'proven' artists or companies. If public investment or sponsorship cannot be secured to underwrite costs, then it is unlikely to be possible to stage such artists or works in the long term and as a result the diversity of programming is reduced.

Consequently, our ability to be internationally competitive and our ability to co-commission or co-produce with international partners is now hugely reduced. This ongoing constriction of public investment diminishes EIF's and therefore Scotland's standing on the world stage. This is particularly disappointing when recent independent research demonstrates that collectively, Edinburgh's festivals return £33 for every £1 of public funding invested

In sharp contrast, Manchester has seen significant public sector investment from UK Government, Council and Arts Council England, and has a clear ambition to propel the city towards achieving global cultural leader status. It has been backed by major capital funding towards Factory International, its new cultural venue. Meanwhile organisations in Edinburgh and across Scotland are struggling to enact even core activity, are reducing their workforce, and exist within an ageing venue stock. It is a picture of chronic underinvestment in Scotland's arts and cultural provision.

As a recipient of international government/agency funding, we are aware of many countries which proudly and successfully support their country-based artists and companies

financially. This year South Korea has a strong partnership with the Festival. We also regularly collaborate with Quebec and Canada, Germany, France, Netherlands, Norway and Ireland all of which have robust mechanisms to support international cultural activity.

**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:**

Multi-year funding and a whole system approach to culture are two areas which are vital to develop at pace to become a foundation upon which all other activity could be based.

We agree with the Committee's view in their pre-budget scrutiny 2023-24 report that the shift towards increased multi-year funding that will allow much greater progress in delivering the mainstreaming of culture across all policy areas.

Multi-year funding is not particularly innovative, having been a characteristic of sustainable funding for the arts in other countries for decades. While Creative Scotland's ambition to deliver a Multi Year Fund for 2025-2028 is welcome, in July Creative Scotland said they currently do not have budget commitment from the Scottish Government beyond March 2024

Long term planning is crucial for successful and sustainable international partnerships and collaborations. Without the ability to plan, the opportunities for meaningful impact are lost. Public sector funding cycles that remain short-term do not allow for this. Whilst we appreciate the challenges of the Scottish Government's budget setting, a new way forward must be identified, otherwise Scotland will continue to lose out on major international benefits, its cultural and creative industries will continue to decline, arts workers will lose their jobs and the countless positive impacts of the arts on education, communities, health and wellbeing and the economy will be lost.

Given the very small percentage of funding this relates to in the context of the overall Scottish Government budget, the government should have confidence in allowing for longer-term, multi-year funding offerings.

Further work on policy coherence within government would also support improvements to the financial environment. For example, historically it has been difficult to engage with business and enterprise agencies due to their focus on and expertise in other industries – the links between culture and creative industries and the economy/ exporting are not as fully understood or prioritised as in other traditional sectors. Creative industries are a core

part of the Scottish Government's National Strategy for Economic Transformation, but the public sector investment and financial confidence does not currently match the stated level of ambition or commitment. The Vision for Trade links trade and culture but, again, policy action is not evident.

Scottish Government's support for R&D Tax Reliefs such as Orchestra Tax Relief and Theatre Tax Relief has been very welcome. This systematic approach which stimulates investment in the cultural sector is illustrative of the type of innovation that supports long term planning, collaboration and growth

**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 detailed above, there needs to be a clear understanding of the level of investment required, at a minimum, to bring funding back in line with 2008 levels.

The contribution that the arts and culture sector makes to myriad policy areas should be acknowledged through financial investment from those areas.

We welcome funding initiatives introduced to support the festivals (Platforms for Creative Excellence and Expo) but discrete project funding requires activity additional to core activity and diverts resources away from an already fragile foundation. The refreshed Cultural Strategy Action Plan must be mindful of this fragility and set out actions to ensure financial stability before asking the sector to deliver additional benefits.

There needs to be collaboration between all public funders to agree on the key priorities organisations are being asked to deliver on in order to streamline planning, delivery and reporting for public sector grants.

We would welcome the opportunity to have regular, structured open dialogue with ministers and officials to discuss ambitions, identify opportunities and address challenges together.