

Pre-budget scrutiny: culture sector funding

Introduction

1. The Constitution, Europe, External Affairs and Culture Committee (“the Committee”) has agreed to follow the approach to pre-budget scrutiny set out in the helpful [guidance](#) from the Finance and Public Administration Committee. Specifically, the Committee has agreed to focus primarily on the culture spending portfolio in its pre-budget scrutiny throughout Session 6 in line with the emphasis in the guidance “on developing an understanding of the impact of budgetary decisions over a number of years including budgetary trends.” Our pre-budget scrutiny will also be outcome focused in line with the emphasis in the guidance “on what budgets have achieved and aim to achieve over the long term, including scrutiny of equalities outcomes.”
2. In adopting an outcomes-based scrutiny approach we will aim to scrutinise the extent to which the Scottish Government and the main public bodies within the culture portfolio are spending their allocations well and achieving outcomes. This means that as well as scrutinising relevant Scottish Government budgetary, strategic and outcomes material we will also scrutinise public body corporate plans, annual reports and annual accounts. Critically, we will expect to see how outcomes are influencing the budgetary choices of both the Scottish Government and the main public bodies within the culture portfolio.
3. At the same time the Committee recognises the on-going impact of COVID in the short-term and the extent of the disproportionate impact on the culture sector. As such, while there is a need to continue to develop a strategic and outcomes-based approach, we also recognise the continuing need for short-term emergency and transitional funding as the country emerges from the crisis. On this basis we published a call for views focused on both the immediate priority to support the recovery of the sector and opportunities to develop a more strategic approach to funding as we emerge from the pandemic based on what lessons can be learned from the impact of the crisis.
4. A summary of the written submissions and evidence gathered can be found in the SPICe briefings [Budget, Strategy and Outcomes Submissions](#) and [Culture Pre-budget Scrutiny](#). We also held a [focus group](#) discussion.

Immediate Priorities

5. At his appearance before the Committee on [7 October](#), the Cabinet Secretary for the Constitution, Europe, External Affairs and Culture (“the Cabinet Secretary”) told us “the Covid-19 pandemic has hit the culture sector harder than most.” This is reflected in the evidence we received as part of our pre-budget inquiry. [The Royal Society of Edinburgh \(RSE\)](#) pointed to a recent estimate by the Creative Industries Federation that 400,000 jobs could be lost across the UK due to Covid.

6. Since the start of the pandemic the [Scottish Government](#) has provided £175 million to the culture, heritage and events sector. The Cabinet Secretary told us that this is far more than we have received, or are still due to receive, in Barnett consequential for cultural recovery from the UK Government and he said that this support has been a lifeline to Scotland's venues and organisations, in particular to the freelancers who are such a crucial part of the creative economy.
7. The Cabinet Secretary also told us that while the final budget of Session 5 focused on stabilising the culture sector in the midst of the pandemic, the circumstances have now changed and the focus of the new budget is to aid the recovery of the sector.

Recovery and Transitional Funding

8. The Committee recognises that COVID-related funding is a combination of UK-wide and Scottish Government financial support. We recognise and welcome that a number of UK-wide schemes, were of substantial benefit to the culture sector in addressing the impact of the pandemic. We also note that given the nature of some employment in the culture sector, many individuals did not meet the criteria to qualify for some UK schemes including furlough payments. We recognise and welcome that Scottish Government schemes, particularly the bursaries and hardship funds, were aimed at covering these gaps.
9. A key concern for many of our witnesses was the potential threat to the culture sector arising from the ending of UK Government support schemes. For example, [COSLA](#) highlighted research from the Office for National Statistics showing the arts, entertainment and recreation sectors had the highest percentage of staff partially or fully furloughed. It also quoted UK Government figures suggesting 68% of UK arts, culture, sport and recreation bodies who responded had considered their ability to continue trading was under threat; and suggested the workforce in these sectors faced added vulnerability due to the dependence on freelance staff.
10. [Creative Scotland](#) identified six areas of concern which create a risk that major parts of the sectors that Creative Scotland work with will collapse:
 - The end of furlough;
 - The repayment of business loans;
 - Increasing inflation;
 - The retreat of public and private funding (e.g. local government and philanthropy);
 - Slow return of audiences; and
 - The costs of the commitment to fair pay.
11. The loss of infrastructure and capacity was also a concern. There were additional work and costs associated with restarting activities, such as community groups. [Museums Galleries Scotland](#) highlighted that many organisations are reliant on footfall and tourism will experience a "long tail" to the crisis. Social distancing and enhanced safety measures will limit the numbers allowed into venues and this will in turn affect the organisations' income.

12. Several stakeholders, including [Traditional Music & Song Association of Scotland](#) and [COSLA](#), stated that transitional support for organisations and artists is key. This includes having the ability to plan for the future and continued funding to provide security for restarting activities.
13. As discussed in more detail below, one of the few positive outcomes of the pandemic was that it brought out new innovative ways of thinking. For example, through digital adaptations, cultural performances and activities were able to be shared with a wider and more remote audience. However, the [Musicians' Union](#) and [the Stove Network](#) emphasised that the community in rural areas still plays a vital role for bringing people together and providing a living for those working in the cultural sector. The Stove Network said that “if you provide that security of tenure for freelancers to work at the community level, it will feed the entire cultural infrastructure”.
14. The [Programme for Government](#) states that “while the pandemic has clearly taken a significant toll on the sector”, the Scottish Government will support it “with the funding needed to make a strong recovery from COVID-19.” This includes £25m announced in June 2021, which included £17m funding for the Cultural Organisations and Venues Recovery Fund (COVRF) and the Performing Arts Venues Relief Fund (PAVRF). The Scottish Government stated on [22 August 2021](#) that it was in discussion with cultural stakeholders, including Creative Scotland, regarding how the remaining £8m will be allocated.
15. The [Programme for Government](#) also states that the £25 million has been made available “despite the fact that only £9 million of culture consequentials has been confirmed so far from the UK Government.” The Scottish Government stated on [22 August 2021](#) that they were “still awaiting clarity from HM Treasury on why the additional £40m of culture consequentials, which were announced as part of the £300m uplift to the Culture Recovery Fund in the UK Budget in March 2021, have not yet been passed on.” The document also states that the Scottish Government “will continue to press the UK Government to deliver the consequentials in full, and will pass on that vital funding in full to the sector once we receive it.”
16. **The Committee welcomes the Scottish Government’s commitment to supporting the culture sector with the funding needed to make a strong recovery from the health pandemic including the £25m announced in June 2021. However, the Committee notes that the level of future financial support will to some extent depend on Barnett consequentials arising from how the UK Government supports the recovery of the sector.**
17. **The Committee welcomes the commitment to pass on the £40m in full once received from HM Treasury to the culture sector and asks the Cabinet Secretary whether this commitment will also apply to future COVID-related Barnett Consequentials within the culture portfolio.**

Reserves

18. Another key theme was the issue of reserves held by organisations in the sector. Different organisations will have different reserves policies and will have held different levels of reserves prior to the pandemic. [Museums Galleries Scotland](#), [Making Music](#), [Federation of Scottish Theatre](#) and participants from the [focus group](#) all highlighted that during the pandemic organisations that were financially stable at the start of the pandemic, not relying on funders and generating a stable income, became the most vulnerable as income and reserves diminished.
19. The Committee heard during its [focus group](#) that at the start of the pandemic many funding bodies were not awarding funding to organisations that had reserves, instead they were asked to use up the reserves before applying for funding. Now that the reserves are diminishing or exhausted, they struggle to get funding as schemes have changed. As a result, some organisations felt penalised for having held higher levels of reserves. They also highlighted that guidance was unclear on the level of reserves that an organisation could hold and still be eligible for emergency funding.
20. A lack of reserves can also impact on future operation of organisations. Charities will require funding that is unrestricted, such as non-specific grants, in order to build up reserves.

Multi-Year Funding

21. A key theme in the inquiry was the need for long-term funding. During the [focus group](#) the participants highlighted that the biggest challenge for grassroots organisations was momentum and how to sustain income. They found that during the pandemic long-term funding was put on hold, which made it difficult to plan ahead. They felt very strongly that short-term funding means starting again each year, having to survive rather than make progress, while multi-year funding allows long-term planning and is key to future proofing.
22. This was reiterated in various written submissions, including those from [Bòrd na Gàidhlig](#), [Museums Association](#) and [University Museums in Scotland](#). They highlighted that multi-year funding would create benefits such as greater security, more effective forward planning, it would be easier to recruit staff and volunteers, enable partnerships to be cultivated and allow organisations to achieve a greater impact by focusing on sustained work. Without multi-year funding, [COSLA](#) contended that councils and cultural organisations' financial and service planning was "severely compromised".
23. [V&A Dundee's](#) submission said that a "multi-year funding settlement would be the single most important commitment the Scottish Government could make to the culture sector at this point." The [Office of the Scottish Charity Regulator](#) referenced several submissions it had received on the matter from charities in the culture sector-

- The greatest frustration is uncertainty about future funding commitments by the Scottish Government and its agencies. We know we can get through 2020-21 and probably 2021-22, but whether we can carry on beyond that will depend on on-going funding for our sector (arts/education).
 - Flying the flag for core funding, which is such a challenge for smaller charities that aren't doing huge contracts. Also, access to funding in the coming two or three years - all the charities are worried right now about being able to get grant funding, which everyone is forecasting will be scarce due to all the covid spending.
 - Encourage more Trusts and Foundations to support core costs and provide funding for more than 1 year.
24. The [Cabinet Secretary](#) told us that “with many cultural organisations not yet being out of the woods, we can nevertheless start to plan for recovery” and that Budget 2022-23 “will exist in the context of that transition.” This includes a commitment in the [Programme for Government](#) to “invest in much-needed stability for the cultural organisations that we provide regular funding for, by agreeing 3-year funding settlements, to allow them to plan for a sustainable recovery.”
25. A critical question for many of our witnesses was whether that 3-year funding settlement for funding bodies will result in multi-year funding for the individuals and organisations being funded. [The Scottish Government](#) told us that Creative Scotland has been doing a review of funding and in the context of that review, they will discuss with them “how a three-year funding deal gives it certainty of funding and how it, in turn, passes that certainty on to the organisations that it funds.”
26. [Creative Scotland](#) told us that if “longer-term commitments are provided through the budget-setting process, we will be able to translate that funding into the hands of the people and organisations that we work with in the sector.” [Screen Scotland](#) told us that it “is absolutely the case that multi-year funding allows for a multi-year strategy.”
- 27. The Committee welcomes the Scottish Governments’ commitment to 3-year funding settlements for the cultural organisations they provide regular funding for. The Committee’s view is that it is essential that, wherever practical, that this level of certainty is passed on to the groups and individuals being funded who should also receive 3-year funding settlements. The Committee asks that the Scottish Government keeps us updated on the discussions with Creative Scotland in relation to this issue.**
- 28. The Committee recognises that in addition to the welcome certainty that multi-year funding will provide for the culture sector there is also a continuing need for recovery funding in the short-term.**

Spending Review

29. The [Cabinet Secretary for Finance and the Economy](#) has indicated that the Scottish Government are continuing to carry out preparatory work on a multi-year resource spending review, and they plan to publish a framework for consultation on 9 December, the same day as the Budget. She told the Finance and Public

Administration Committee that there is an opportunity to align budget choices with the National Performance Framework (NPF) in a significant way with the resource spending review because that will be multi-year and most outcomes will not be delivered in the space of a year.

30. The [Budget Process Review Group](#) recommended that the spending review framework document should set out the economic and political context, the criteria which will govern the assessment of budgets and the process and timetable for the review. It also recommended that the Parliament's committees undertake a constructive dialogue with the Government, public bodies, and stakeholders once the framework document is published in order to influence the outcome of the spending review.

Transparency and Scrutiny

31. One of the main challenges facing the Committee in scrutinising COVID-related funding for the culture sector is that it continues to be a rapidly evolving fiscal and budgetary environment with numerous in-year changes to both Budget 2020-21 and Budget 2021-22. This is evident in the Scottish Government's response to [written question \(S6W-01988\)](#) on how much funding it has allocated during the COVID-19 pandemic to support cultural organisations. The response indicates that around 35 spending announcements have been made in relation to COVID-related culture spend since March 2020. It is also evident in the process for the allocation of Barnett consequentials.
32. **The Committee recommends that the Scottish Government writes to us with details of future in-year spending announcements for COVID-related funding of the culture sector. This includes details of whether the remaining £8m of the £25m announced in June has now been allocated.**
33. **The Committee also recommends the need for greater transparency on the allocation of Barnett consequentials given the current levels of fiscal and budgetary volatility. The Committee requests that the Cabinet Secretary writes to us when additional culture consequentials are announced and when they are passed on by the UK Government. There is also the need for greater clarity if there is an apparent delay in consequentials being passed on. The Committee request that the Cabinet Secretary provides details of discussions with HM Treasury as to why they have not yet passed on in full the £40m consequentials arising from the uplift to the UK Culture Recovery Fund.**

Strategic Approach

34. The National Performance Framework sets out the overall purpose and aims the Scottish Government has for Scotland. To help achieve its purpose, the framework sets out 'National Outcomes' and aims to get everyone in Scotland to work together to achieve these outcomes. [The National Outcome for culture](#) is: "We are creative and our vibrant and diverse cultures are expressed and enjoyed widely." Below

those are four indicators¹ intended to measure progress in meeting the National Outcome –

- Attendance at cultural events or places of culture;
- Participation in a cultural activity;
- Growth in the cultural economy;
- People working in arts and culture.

35. The Scottish Government's [Culture Strategy](#) refers to the National Outcome, alongside specific outcomes identified in the strategy. The Scottish Parliament Information Centre (SPICe) identify a clear synergy between the strategy and the NPF. However, the strategy is not always explicit on how it links to the National Outcome and how its work will improve the National Indicators. It is not clear whether the Scottish Government and its agencies' performance should be primarily measured against the NPF and its indicators or progress against the strategy.

36. [Creative Scotland](#) have identified four strategic priorities which are linked to the aims of Scotland's Government Economic Strategy and NPF . These consist of:

- Equalities, Diversity, and Inclusion: Supporting a diverse range of creative people, communities, and activity, promoting an equality of opportunity to create, participate and engage.
- Sustainable Development: Helping tackle the climate emergency and supporting the growth of sustainable creative businesses across Scotland.
- Fair Work: Promoting fair pay, conditions, and employment opportunities across the creative sector.
- International: Developing innovative and sustainable ways of strengthening international collaboration and promoting artistic and cultural exchange.

37. While Creative Scotland believe the culture sector has a considerable contribution to make in achieving National Outcomes, achieving progress will be challenging, as creative and cultural organisations focus on recovery and stabilising their financial positions.

38. [Broadcasting, Entertainment, Cinematograph and Theatre Union](#) and the [Musicians Union](#) said that their members feel disconnected from the indicators. They also said that it is difficult to measure the indicators, for example many work in the sector on an ad-hoc basis and are not counted in the numbers as they are considered to be hobbyists. While they are a good barometer of where the sector wants to get to they do not give a full picture of what is going on.

¹ Due to the Covid pandemic none of the indicators have been updated since 2019.

39. The [Scottish Contemporary Art Network](#) said that the Scottish Government needs to strengthen the collaboration and connection between funding agencies, such as Creative Scotland, and the programmes and priorities of the NPF . They went on to say that the Culture Strategy has not been resourced to facilitate cross-portfolio working.

Mainstreaming

40. In February 2020, the Scottish Government published [A Culture Strategy for Scotland](#) detailing their vision, ambitions, and guiding principles for the culture sector. This included identifying culture as a central consideration across all policy areas including: health and wellbeing, economy, education, reducing inequality and realising a greener and more innovative future. A focus was placed on collaboration to realise the transformational power of culture in achieving a broad range of policy outcomes including the development of cross-government policy compacts embedding culture at the centre of policy-making.
41. The Committee received a lot of evidence which emphasised the benefits of culture in supporting the delivery of a number of public policies. In particular, the health and wellbeing benefits of culture. One example which was cited by [Museums Galleries Scotland](#) is the Football Memories Scotland project which has been run in partnership with Alzheimer Scotland for more than 10 years. A longitudinal research study of the project has shown that it has worked and been really beneficial for those suffering from dementia, and it is now drawing in some money from Greater Glasgow and Clyde NHS Board.
42. [Making Music](#) told us that the impact of music on health is well established, for example, singing is very beneficial for lung health. [COSLA](#) also suggested that cultural participation was particularly important for mental health, closing the attainment gap, placemaking, and the resilience of people and communities. The [Accounts Commission](#) echoed that view, urging that cultural services be considered “within the broader thinking around what financial support for health really means”.
43. However, [focus group](#) participants said that a lot of work still needs to be done to highlight the value that culture brings to health and wellbeing. One participant suggested that if the impact that the arts has on health and wellbeing is recognised, then there is a potential to tap into alternative budgets. It is a massive opportunity, but it would call for a change to how we think about culture and its associated funding.
44. Despite an increasing recognition of the established health and wellbeing benefits of culture, the Committee heard from a number of witnesses that this had not led to transformational change in terms of both a cross-cutting approach within Government and increased budgetary support for culture across a number of spending areas.
45. The Committee asked how these established health and wellbeing benefits were reflected in funding, for example, through social prescribing and discussions with

the health sector. [Making Music](#) responded that they “are not experiencing approaches from health services to the arts sector to ask for those partnerships.”

46. The [RSE](#) told us that the ambition within the Culture Strategy to embed culture in all areas of government policy making has yet to become a reality. In their view, culture’s connections with different policy initiatives or Scotland’s aspiration to build a wellbeing economy should be more clearly defined as the Government reconsiders its support for culture. Similarly, [University Museums in Scotland](#) said that the NPF needs to further recognise and enable the contribution of cultural participation on health and wellbeing.
47. The Committee also asked whether budgeting recognises the importance of mainstreaming the arts. [Museums Galleries Scotland](#) responded that the simple answer is that we do not recognise that need enough. They suggested the need to look across portfolios so that the work is funded more holistically. As an example they cited Arts Culture Health and Wellbeing Scotland, a new charity that is trying to do a lot of that work of bringing together practice across health and social care and the arts.
48. The [Federation of Scottish Theatre](#) responded that organisations work hard to diversify their income but it is difficult and they call for a “unity” of all those bodies and policy makers, so that they can look at funding collectively. They also told us that while the culture spend is essential and welcome, “it has been at a standstill for a long time.” [PACT](#) told us that we “should consider why the sector is always separated into a bunker” and “no one seems to grasp that it is a critical issue that should be embedded across everything.” [The Stove Network](#) propose “a significant shift in the way that we regard culture and that we should support it as a fundamental means of making a fairer and more equal country.”
49. The Committee asked the Cabinet Secretary how the NPF could capture the wider benefits of culture in policy areas such as a wellbeing economy, community regeneration and health and how this then impacts on budgetary support for the culture sector. He [responded](#) that “mainstreaming that thinking across Government will help to deliver on the aspirations that we have in the culture strategy.”
50. However, the Committee noted that we have been talking about cross-portfolio working for a long time including the Christie Commission report which was published 10 years ago. The Commission noted and supported the commonly expressed view that the focus of budgeting should increasingly move away from institutional silos towards outcomes. The Committee asked the Cabinet Secretary how the Government drives that agenda now.
51. The [Cabinet Secretary responded](#) that “there is a genuine effort across Government to try to make that work, whether it is in relation to the economy or elsewhere.” He also stated that we “are about to embark on that in the cultural sphere.”
52. The Cabinet Secretary also told us that a “cultural recovery plan will be at the heart of economic and social transformation to ensure that we build a fairer, greener

Scotland with equal opportunities for all.” This will include consideration of mainstreaming the importance of culture right across the Scottish Government including the impact that culture has on health. The Cabinet Secretary’s view is that “we should take a cross-Government approach whereby we view culture as relevant to all areas of Government.”

53. **The Committee notes the view of the Cabinet Secretary for Finance and the Economy that the forthcoming resource spending review provides a significant opportunity to align budget choices with the NPF in a significant way because that will be multi-year and most outcomes will not be delivered in the space of a year.**
54. **The Committee recommends that the resource spending review should include detailed consideration of how budgetary decisions can support the mainstreaming of culture across the Scottish Government including the impact on health and wellbeing.**
55. **The Committee also recommends that this should be an outcome-based process based on the now established health and wider social benefits of cultural activity. It is also essential that in working towards an outcomes-based approach that there is a much greater emphasis on embedding the culture strategy across Scottish Government in keeping with the principle of collaborative government established within the NPF**

Innovation: Learning from a Crisis

56. At his appearance before the Committee on [7 October](#), the Cabinet Secretary stated that the pandemic allowed organisations and freelancers to showcase innovative ways of working and it has allowed the Scottish Government to reassess how to best support the sector going forward.

Collaborative Working

57. One of the key innovations arising from the impact of COVID which the Committee heard from witnesses is the increase in collaborative working especially among community organisations.
58. During the pandemic Creative Scotland launched the [Culture Collective](#) fund to establish “a network of creative practitioners, organisations and communities, working together to create a positive difference locally and nationally in response to COVID-19”. [The Stove Network](#), who are involved in one of the 26 projects funded by the Culture Collective fund, told us that “the amazing thing is that all those community organisations are now working together, collaborating on joint funding bids and beginning to think of themselves as a collective enterprise.”
59. [Museums Galleries Scotland](#) told us that much had been learnt from the pandemic including new ways of working and collaborating. They also pointed out that multi-year funding makes collaborative working more realistic. In their view it is easier to make the investment in time to develop a collaborative approach if you know

that you have a three-year funding deal than if you are just trying to get through the next 12 months.

60. Furthermore, in our [focus group](#), they suggested that the Scottish Government should lead in promoting greater collaboration, giving organisations a voice and sharing information. [COSLA](#) felt the sector needed support to “innovate in partnership” with other bodies, sectors and structures - locally, regionally, nationally and beyond. [RSE](#) suggested some restructuring would be required and that the Scottish Government should support that process by bringing “cultural actors” together to advise what changes were necessary.
61. The [Programme for Government](#) states that the Scottish Government commits to “support and encourage artists to collaborate as the sector recovers, we will look to evaluate and continue to invest in Culture Collective.” The Scottish Government’s [Culture strategy](#) also states that it will “work with Creative Scotland to map local authority support for culture and to explore future models of collaboration between national and local bodies.”

Digital working

62. As mentioned earlier, the pandemic saw a shift to more consumption of, and participation in, culture from the home on digital platforms. Digital working has potentially opened up audiences or participation in terms of geography and cost. The Committee heard, however, that this requires a level of access to broadband and therefore might risk constraining participation and access in other ways.
63. The [Federation of Scottish Theatre](#) told us that it was extraordinary that the culture sector “was able to pivot to digital so quickly in the middle of a pandemic” and cited the example of “individual artists who were putting out their work digitally and getting audiences that were beyond their wildest dreams”. [Making Music](#) told us about the “incredible digital response from choirs, bands and orchestras, with stitched videos, virtual performances and so on.” In their view, the “high profile of the choirs, orchestras and bands that have been working digitally increased the want and need to take part in music.”
64. The [RSE](#)’s submission suggested a specific intervention that the Scottish Government or its agencies could make—
- “Investing in digital provision, the Scottish Government should also support organisations to address challenges related to intellectual property as well as the availability of digital platforms, as there are not many benign platforms available to host cultural productions. Inspiration could come from the UNESCO report in this area where several case studies are presented where dedicated national publicly-funded platforms were created to ensure profits and rights remain with the organisations that create the content.”
65. The [Programme for Government](#) states that the Scottish Government commits to “work with creative and cultural businesses to enhance their digital and data skills, building on our £1 million Creative Digital Initiative launched in 2021, and support them in gaining access to new opportunities and markets, as well as to develop

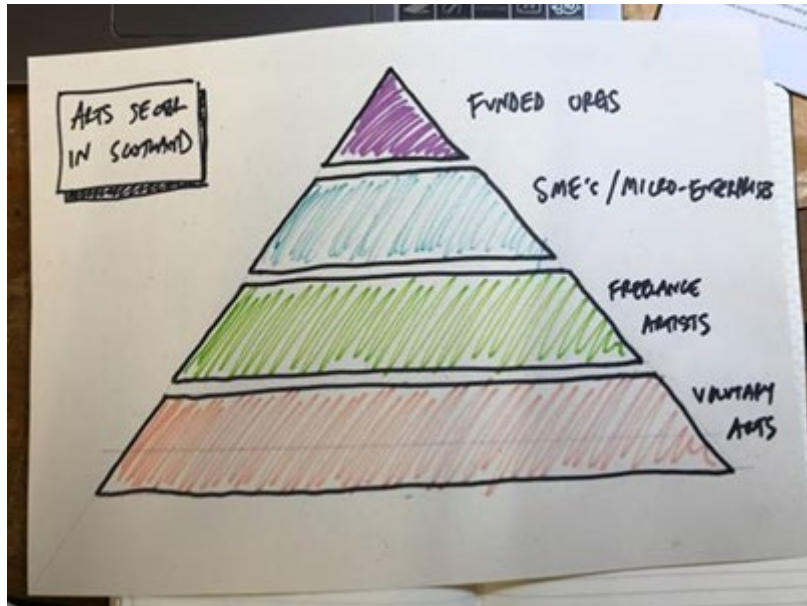
data-driven innovation in the creative industries.” The [Cabinet Secretary](#) told us that “we are enjoying and consuming culture in ways that we did not do before, and that should make a difference to our thinking about our policy and budgetary approach.”

66. **The Committee welcomes the comments from the [Cabinet Secretary](#) that “the pandemic gives us an opportunity to view things with fresh eyes and perspectives” and that the Scottish Government are “preparing plans for cultural recovery and are not merely seeking to return to the status quo.”**
67. **As noted by the Cabinet Secretary and as widely discussed by stakeholders throughout this inquiry it is clear that cultural organisations and freelancers have demonstrated new ways of doing things during the pandemic.**
68. **The Committee’s view is that it is essential that the Scottish Government, in developing its cultural recovery plan, works with the sector in learning from the innovative response to COVID-19 and provides support to embed those initiatives which are sustainable over the longer-term. This should include national and local agencies working with the sector to build upon the more collaborative approach developed in response to the pandemic and with a shared focus on achieving outcomes. It should also include working with the sector to build upon the innovative use of digital platforms and how this approach can continue to be developed and supported alongside a return to the reopening of venues.**

Funding Process

69. One of the main concerns raised in the evidence we received was that the funding process was unnecessarily complex and time consuming. In particular, Creative Scotland’s funding process was found to be very difficult to complete. In the [focus group](#) some said that even professional fundraisers struggled to complete the forms to the standard required and many felt that they were competing with each other to produce well-articulated bids. As a result, many felt it was not worth the resources it took to apply and sought funding through other means instead.
70. Furthermore, a concern for freelancers was the number of times they were rejected by Creative Scotland’s funding process, perhaps having to apply three times and then only receiving around half of what was bid for. In addition to this, applicants often had to wait six months for funds to arrive and then only had six months to spend the funding.
71. In 2019 Creative Scotland carried out a [programme of consultation](#) to influence the way that they deliver funding in the future. Following the consultation it published its [Refreshed Strategy and Funding Framework](#) and identified five ways in which the new funding approach will differ from the current approach:
 - A broader base of organisations receiving funding regularly
 - Strengthening relationships

- Improved decision-making processes linked to priorities
 - Support for individual artists
 - Simpler and more transparent processes
72. The Committee notes that this will involve a move away from the Regular and Open funds to a more tailored approach to providing support, based on the individual needs of the organisation, which will continue to include the potential for multi-year funding. The Committee also notes that due to the impact of COVID the intention is that the new funding framework will be embedded in 2023-24 with 2022-23 as a transition year.
73. Furthermore, [Creative Scotland](#) highlighted their new [Funding Management System](#), which will provide a streamlined online application process. The intention is for the new system to provide greater transparency and consistency in the funding process by publishing an account of all funding provided.
74. In the [focus group](#), participants also stated that funding from local authorities usually takes a long time to be delivered and while this improved during the pandemic, previous frustrations with the length of the process were beginning to re-emerge. There was a sense that local authorities did not always understand the needs of grassroots organisations and, rather than focussing on paperwork, council staff should be looking to develop ongoing relationships with those organisations.
75. In contrast, many participants found that during the pandemic third sector funders were very flexible and got in touch with organisations to let them know of potential funding opportunities. They said that they appear to understand the grassroots organisations better than other funders and the applicants found the application process easy to use and funding was awarded quickly.
76. [Out Of The Blueprint](#) drew attention to the “huge appetite” for culture at the local level and encouraged a reimagining of the traditional approach which means moving away “from the blue chips”. They recommended that primary funding bodies stop giving out money to the “haves” to do work for the “have nots” as this does not work, resources do not reach communities and it is not sustainable.
77. [Creative Lives](#) made similar points. It said that professional expertise could kick start a project and create some momentum but without local buy-in and capacity building, these projects tended not to last and the benefits to wellbeing were lost. It was looking for “relatively modest” sums and light-touch application forms for community groups to flourish rather than for much needed funds to be taken from the professional sector. They point out that “‘micro grants’ of just a few hundred pounds have galvanised groups to make things happen in their local community, with a positive ripple effect beyond the group itself.”
78. One of the participants in the [focus group](#) drew a pyramid to depict the top-down nature of the culture sector, how it was structured in status terms, and where focus and funding tended to be directed-



79. The Committee agrees that funding mechanisms should be directed at achieving outcomes and that a process for ensuring that public funds achieve those outcomes is necessary. However, the Committee is also persuaded that relatively small grants could make a big difference to grassroots (e.g. non-professional groups) organisations. The Committee recommends that the Scottish Government explore with Creative Scotland and COSLA how the provision of small grants could be achieved.
80. The Committee recommends that local authorities and Creative Scotland should work more closely with the third sector in sharing good practice in relation to the funding process for grassroots organisations.