The Scottish Parliament
Pàrlamaid na h-Alba

Europe, External Affairs and Culture Committee

Mairi McAllan MSP
Cabinet Secretary for Education, Culture and Gaelic
Scottish Government

5 November 2026

Dear Cabinet Secretary

Pre-budget scrutiny 2027-28

Please find in annexe conclusions and recommendations from the Europe, External Affairs and Culture Committee following the work it has undertaken on culture as part of its scrutiny preceding the Scottish Government's Budget 2027-28.

Yours sincerely,



Patrick Harvie MSP

Convener

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Annexe: Europe, External Affairs and Culture Committee Pre-budget Scrutiny 2027-28 – Culture

Introduction

1. Each year, subject committees in the Parliament carry out pre-budget scrutiny in advance of the publication of the Scottish Government's budget for the forthcoming financial year (in this case 2027-28).

2. The aim is for committees to collect evidence on spending priorities and make recommendations to the relevant Cabinet Secretary before the Scottish Government finalises its budget.

3. This year, the Europe, External Affairs and Culture Committee ("the Committee") agreed to focus its scrutiny predominantly on funding for culture.

4. The Committee has, however, also commented separately on spending priorities in relation to other key parts of its remit, namely international development and external affairs. Our views have been set out in letters to the relevant ministers:

    - Letter to Minister for Equalities and International Development
    - Letter to Minister for Europe, External Affairs and Energy

5. This letter concentrates on culture. Our focus this year was a broad one, focussing on the pressures currently facing the culture sector and the sector's main priorities for the 2027-28 Budget.

6. Some of the central issues arising from the Committee's pre-budget scrutiny 2027-28 are:

    - Challenges concerning funding levels and sustainability, and the balance of funding allocations
    - Local government funding
    - Cultural infrastructure, including significant challenges around capital budgets and the sustainability of cultural venues and spaces
    - Workforce and skills development and support for artists
    - Support for the National Performing Companies (NPCs), including the Scottish Government's proposal to establish a new National Performing Company
    - Strategic approaches to culture funding, including connecting strategies to outcomes, any future culture bill, the Scottish Government's Public Service Reform programme, cross-portfolio working, and the findings from the *Local Culture Scotland* report

7. The Committee took evidence in relation to its pre-budget scrutiny at its meetings on 29 September, 6 October and 27 October. At these meetings, the Committee heard from:

    - The National Theatre of Scotland (29 September)
    - Museums Galleries Scotland (29 September)
    - Culture Counts (29 September)
    - The Traditional Music and Song Association (29 September)
    - Scottish Contemporary Art Network (29 September)
    - Federation of Scottish Theatre (29 September)
    - St Magnus International Festival (29 September)
    - The author of, and project partners to, the Local Culture Scotland report (6 October)
    - COSLA (6 October)
    - Creative Scotland (27 October)
    - Cabinet Secretary for Education, Culture and Gaelic (27 October)

8. The Committee also received written evidence from various organisations, which has been published on the Committee webpage. The Committee received written evidence from:

    - The National Theatre of Scotland
    - Museums Galleries Scotland
    - Culture Counts
    - Scottish Contemporary Art Network
    - Federation of Scottish Theatre
    - Historic Environment Scotland
    - COSLA
    - Edinburgh City Council
    - Community Leisure UK
    - Cabinet Secretary for Education, Culture and Gaelic

9. The Committee extends its thanks to all those who contributed to its evidence-taking both in-person and in written submissions.

10. The remainder of this letter sets out a summary of the evidence received and outlines the Committee's recommendations and conclusions.

Fiscal overview

11. Stakeholders broadly welcomed the Scottish Government's confirmation that it will uphold its 2023 commitment to increase culture funding by £100 million a year by 2028-29, and its further commitment to increase culture funding by £50 million by the end of the current Parliamentary session.

12. However, the Committee heard throughout its evidence-taking that, despite existing funding uplifts, the culture and heritage sector continues to face a number of challenges, including in relation to the current levels and balance of funding, financial resilience, funding uncertainties and wider economic pressures.

13. Historic Environment Scotland ("HES") outlined a lack of financial resilience in the sector, including income volatility and inflation and cost pressures, limitations in organisational capacity, and funding uncertainty.

14. The Scottish Contemporary Art Network ("SCAN") shared similar concerns, stating that, though a combination of public and private funding is "critical", "the fundraising landscape is becoming increasingly complex to navigate, and is shrinking." Its submission highlighted risks associated with the "contraction of the funding landscape, the increasing precarity affecting artists and cultural freelancers, and the absence of flexible, development or capital funding for organisations."

15. The Federation of Scottish Theatre ("FST") noted that unexpected funding changes can have impact for years to come and stressed the need for stable and reliable investment.

16. The Committee also heard evidence relating to how the additional funding for culture has been allocated. Museums Galleries Scotland ("MGS") noted that most of the approximately £70 million of additional culture funding provided in recent years has gone towards Creative Scotland's multi-year funding programme.

17. MGS highlighted that "of the around £70 million in additional culture funding announced in recent years, just £4 million has been directed to our non-national museums through Museum Futures." Its evidence emphasised the uncertain position currently experienced by many of Scotland's museums and recommends that the Scottish Government should establish a multi-year funding commitment to the Programme. It also stated that extending multi-year funding to museums and galleries would help to protect and strengthen the sector and would provide stability for the sector to plan for the future.

18. SCAN's submission stated that the Scottish Government must protect existing multi-year funding commitments, and that measures should be taken to address the impacts of cost pressures on organisations. SCAN also suggested that the Scottish Government should provide a timeline for the funding period from 2028-29 to enable the longer-term planning within the sector, and that it should work with the sector to develop flexible funding arrangements.

19. In evidence, the Cabinet Secretary acknowledged that cost pressures are continuing to be felt by the sector. She recognised that the increases to culture funding would have had a greater impact had the sector not faced external cost

pressures, including those relating to energy costs, national insurance contributions and Brexit.

20. With regard to the requests heard to extend multi-year funding commitments to more organisations, the Cabinet Secretary stated that there needs to be proportionality for the different needs of different parts of the sector. Though the Cabinet Secretary recognised the value to organisations of multi-year funding commitments, she stated that a strong case needs to be made for the reasons multi-year funding should be provided.

Local government funding

21. The Committee consistently heard in its evidence taking that, while there has been an increase in overall national funding for culture, local authorities' culture budgets are falling, particularly in the areas other than museums and libraries.

22. The Session 6 Constitution, Europe, External Affairs and Culture Committee's ("CEEAC") Pre-Budget 2026-27 Report had previously highlighted this concern and had asked the Scottish Government and COSLA to respond.

23. COSLA's response to CEEAC's 2026-27 report argued that ongoing cuts to local government funding, combined with increasingly ring-fenced and directed funding, had meant that cuts had been "disproportionately focused on non-statutory service areas like culture and leisure."

24. The then Cabinet Secretary's response to the report stated that the 2026-27 Budget provided a real-terms increase in the local government settlement, and explained that, though the Scottish Government's view was that local authority funding "complements rather than duplicates central government support", it did recognise the concerns highlighted. The Scottish Government committed to work with COSLA to discuss how local and national organisations could better work together to support and promote culture.

25. The Committee's evidence-taking this year has reiterated these concerns. For example, Culture Counts ("CC") noted that local authorities account for a significant share of public investment in culture and that, therefore, decisions taken at a local authority level have a "significant impact on Scotland's cultural ecosystem." It highlighted that, though the Scottish Government has increased real-terms investment since 2013, these increases are being "offset by inflation-driven cuts at local authority level." It outlined that for every £1 Scottish Government spent in 2013, local authorities spent £1.05, whereas for every £1 the Scottish Government spent in 2025, local authorities spent £0.70.

26. Creative Scotland ("CS") noted in evidence that investment from the Scottish Government can cause local authorities to reduce funding. With regard to concerns relating to variation in cultural provision in local authority areas, CS

highlighted that it provides funding into all local authority areas and provides multi-year funding in 28 out of the 32 local authority areas.

27. CS had previously outlined that demand for its Multi-Year Funding Programme comes from across Scotland and that application and success rates vary. It recognised that there are areas in Scotland where advice for individuals and organisations to apply to national funders is limited and noted that, in order to reduce these barriers, it attends funding events and works with local authorities and national bodies (including through the Local and National Delivery Group) to share knowledge and offer support to potential applicants.

28. In evidence, CS outlined that it would be a "measure of success" to see full coverage and the engagement of organisations across Scotland for some of its major programmes. It highlighted Culture Collective and its Place, Partnerships and Communities team, which works in partnership on the central government group with organisations, including COSLA, "to understand local conditions and try to ensure that the coverage is as strong as it can be for communities across Scotland." It further stated that—

> "Different approaches are taken for different places; it is quite differentiated. There is no set way of working with a local area—that has to be defined by artists, arts organisations and communities in those areas."

29. However, it explained that the context, existing levels of provision and requirements differ throughout areas. It stated that it seeks to understand the work being undertaken by local authorities and to work with them and local venues to shore up confidence and funding in local culture.

30. COSLA outlined in its submission that local authorities are facing a budget gap of £529m in 2026-27 and a £1bn cumulative gap from 2025-26 to 2027-28, despite around £5bn worth of cumulative savings and efficiencies since 2010-11. Despite this, it stated, pressures on demand, statutory responsibilities and nationally directed commitments continue to increase. COSLA highlighted that councils are in a position where they must prioritise statutory duties and crisis response, resulting in non-statutory but high-value services such as cultural services being "disproportionately exposed to reductions."

31. COSLA further explained that Scottish Government funding uplifts for culture "do not automatically support the local authority and ALEO infrastructure on which much of Scotland's cultural participation depends". It noted that sustained pressure on core local authority budgets "weakens the cultural ecosystem and reduces the ability of culture to contribute to prevention, inclusion and growth" and suggested that recommendations relating to culture spending need to be considered in the context of the wider local government budget settlement. In evidence, it stated—

> "With the gap that we have just now, and given the projected forward outlook, we see only more challenges arising as local government tries to make savings so that it can continue to operate."

32. In evidence, the Cabinet Secretary recognised the concerns raised by witnesses that, although there has been an increase in overall national funding for culture, local authorities' culture budgets are falling. The Cabinet Secretary stated that—

> "I can say firmly that I do not want national investment to be undermined or displaced, or underinvestment of any kind at local authority level".

33. The Cabinet Secretary went on to highlight local government's independence and autonomy to decide how funding received from the Scottish Government is spent. She explained that Scottish Government funding is intended to be complementary to local government funding, rather than a replacement, and stated that local authorities should be held to account for spending decisions.

Visitor Levy

34. As the Visitor Levy may offer an opportunity for local authorities to generate additional funding which may be used to support culture, the Committee sought an update from the City of Edinburgh Council ("CEC") on its implementation of the Visitor Levy, which came into effect in Edinburgh in July 2026.

35. CEC stated that, though no data is available yet as the reporting period has just started, there has been no indication that the introduction of the Levy has negatively impacted visitor numbers. It outlined that 35% of the net income from the Levy is invested in Edinburgh's culture, heritage and events and that other immediate investments from the Levy income have gone to community safety and city cleanliness.

36. CEC further noted that a wider review of Council and Levy funding will be undertaken to assess the balance between differing cultural, social and economic objectives and how they apply to different organisations. It also stated that work is underway looking at how Council, Creative Scotland, Visit Scotland and Scottish Government culture funding streams could be better integrated, particularly for Edinburgh's festivals.

37. COSLA also outlined that the Levy is "not the answer to culture funding challenges" and should be viewed as only one aspect of the overall funding landscape for culture. It stated that, in order to maximise opportunities and provision for communities, the financial framework for local government should be looked at more broadly.

38. The Committee asked COSLA whether, as part of the Public Service Reform ("PSR") agenda, it is asking the Scottish Government to devolve additional financial powers beyond the Visitor Levy in order to allow local authorities to raise revenue to support non-statutory services such as culture. COSLA responded that it is currently engaging with its member authorities and the Scottish

Government with regard to work relating to PSR. Though discussions are at an early stage and agreements have not yet been made, it stated that there are opportunities for local authorities to “do more in certain areas”, including culture.

Cultural infrastructure

Capital funding pressures

39. Many witnesses stressed the need for measures to address the growing capital needs within the culture and heritage sector. SCAN, for example, pointed to an “urgent need” for infrastructure adaptation within the sector due to challenges relating to climate change and accessibility requirements.

40. Additionally, HES emphasised growing challenges relating to the housing of Scotland’s archives and collections, climate adaptation and the management of historical assets. HES stated that “continued investment is required to ensure the accessibility, resilience and long-term stewardship” of the properties in HES’s care.

41. COSLA noted that capital funding remains constrained, and that the flat cash capital settlement in the 2026-27 Budget added pressure on a council’s ability to maintain, renew, adapt and decarbonise cultural assets. It stated that—

> “Access to capital would make a difference in terms of working with a place-based approach and a participatory budgeting approach, where that is appropriate, and it would also enable people to lever in money from external partners, because, if you have the capital budget, you can get match funding from other sources.”

42. With regard to Scotland’s museums and galleries estate, MGS noted that its most recent sector survey showed that 52 per cent of organisations are not keeping on top of regular maintenance and that 38 per cent of museums and stores are in either poor or bad condition. It explained that its capital funding is capped at £100,000 and its repair and adaptation fund totals £1.6 million to be allocated across 450 museums. It stated that—

> “Many organisations cannot apply for that, because fixing one roof will cost more than the available funding. We desperately need to increase the scale of that funding to meet some of these really urgent needs.”

43. MGS highlighted that there is currently no Scottish equivalent to the UK Government’s Museum Estate and Development Fund (MEND), through which £160 million has been invested in England this year.

44. The FST recommended that the Scottish Government should work with the sector to develop a recurring investment programme as part of a cohesive development plan. SCAN also recommended that the Scottish Government establish a sector-wide development plan, including infrastructure investment.

45. The Committee notes that Creative Scotland will this year "begin an assessment of infrastructure needs across the sector" to inform a potential future capital investment plan.

46. The Cabinet Secretary stated in evidence that, despite reductions to the capital block grant, the Scottish Government has continued to invest in the capital estate through its commitments to projects such as the Artworks project and the Dunard Centre.

Cultural venues and spaces

47. The Committee's evidence-taking identified concerns relating to the ongoing provision of, and access to, cultural venues and spaces. The Traditional Music and Song Association ("TMSA") described issues around venue losses as "grave", and the FST stated that—

> "There is a whole ecosystem to consider. Ensuring that there is investment in the infrastructure of venues and spaces, and that they are not falling away while we invest in another area, is just as important."

48. SCAN highlighted recent examples of venue closures, such as the Cooper Gallery, Trongate 103 and the Centre for Contemporary Arts and noted that the result is a reduction in community cultural participation. Ultimately, it argued, "it is the Scottish public who lose."

49. COSLA highlighted that ongoing funding pressures mean that most local authorities are undertaking assessments of the assets they hold. It explained that those assets which are deemed to be in good enough condition to be maintained and developed tend to be those that are more centralised, and stated that the public sector is "crying out for more capital funding" in order to protect and enhance existing venues."

50. SCAN noted that, when cultural organisations take over properties previously run by local authorities, they are seeing the rates they are charged increase at a faster rate than they are able to budget or fundraise for. SCAN also highlighted that, although there is significant willingness and enthusiasm amongst organisations to pursue community buyouts of cultural spaces, there is a lack of long-term funding and support to do so, and the process for doing so is vague.

51. The FST stated that, though local authority venues are an important factor in cultural provision, there is currently an inconsistent approach to these venues. It suggested that local authorities need to have both leadership capacity and a joined-up approach in order to be able to think more strategically about the resilience of cultural spaces. The TMSA described the local authority network of venues as "key" and suggested that consideration should be given to whether every community should have at least one convening space available for use.

52. COSLA agreed that provision at the local government level varies across Scotland. It noted that national culture funding uplifts have not transferred directly into the venues and assets run by local authorities and stated that current Scottish Government funding does not adequately reflect the support for culture needed at the local level.

Workforce, skills and Fair Work

53. Several stakeholders noted concerns around workforce and skills in the culture and heritage sector. The FST, for example, outlined that current financial pressures in the sector are limiting the ability of organisations to invest in skills and workforce development. It recommended that future funding settlements should provide "sustained, coordinated investment in technical skills, freelance careers and wider workforce development."

54. Additionally, SCAN highlighted findings from a survey of its members in June 2026, which found that "little of the Scottish Government cultural investment referenced above has filtered through to individual artists, curators and cultural freelancers." Respondents to survey also reported concerns around poor working conditions and a lack of opportunities, and 42% of individual respondents reported that they earn below £5,000 a year.

55. MGS noted that specialist collections, curatorial and learning roles are reducing over time and highlighted that these skills, which are "vital to the stewardship of Scotland's collections" are difficult to replace once lost.

56. The Committee sought clarity from the Cabinet Secretary as to the Scottish Government's response to the Fair Work Task Force report, including the expected timeline for the response's publication and detail as to any decisions relating to findings from the report that carry budgetary implications. The Cabinet Secretary indicated that she intends to publish the response to the report as soon as possible. She explained that the minimum income for artists pilot is part of the response to the report and that, though employment law is reserved, the Scottish Government is continuing to advocate to the UKG on a range of issues affecting creatives in a fair work space.

Creative Scotland

57. In evidence, Creative Scotland welcomed the uplifts to culture funding delivered thus far, and the commitment to deliver an additional £50 million of funding by the end of the parliamentary session. It acknowledged that, despite the uplifts, many organisations continue to face significant cost pressures relating to staffing, fair work commitments, energy, and climate damage and adaptation, and that, despite the current level of capital requirements, CS currently has no open funding for capital apart for a small adaptation fund.

58. It stated that, as part of the considerations for its new strategy, it is focussing on areas including capital, individuals, communities, creative industries (including gaming) and international engagement.

59. Creative Scotland noted the impact of inflation on organisations and highlighted that many organisations received significant emergency funding during the Covid-19 pandemic and are now having to rebuild their income streams. Though Creative Scotland explained that organisations are seeing progress, it noted that the picture for philanthropic funding remains challenging.

Creative Scotland's Open Funds

60. In its submission, CC noted that, since 2014-15, Creative Scotland's Open Funds have made 6,622 awards to around 4,000 recipients, but that £74 million of applications to the funds have gone unfunded over the last three years, with 3,566 applications refused. It emphasised the important role the funds play in providing support to self-employed artists and freelancers, describing them as one of the "principal entry points to the cultural sector."

61. CC also noted that there has been "enormous variance" in Scottish Government grant in aid that has reached the Open Funds over the past ten years. It stated that this has been the case because the Scottish Government has never set out in the Budget how much it intends to invest in the funds, and grant in aid contributions have instead taken place in-year, where underspend or headroom has allowed.

62. CC further highlighted that the average Open Fund award has remained almost static for a decade, despite cumulative inflation of 38.7% over the same period. It states that proceeds from the National Lottery Fund available to Creative Scotland (which make up the main source of funding for the Open Funds) have not kept pace with inflation and are worth a third less than they were in 2015-16, with the Open Funds being worth a sixth less.

63. SCAN highlighted the UK Government's Department for Culture, Media and Sport's recent call for evidence on the future of National Lottery good cause funding. It noted that income from National Lottery funding is in decline as fewer members of the public take part and stated that the Scottish Government must take urgent action to mitigate this decline in funding for individuals. Both SCAN and CC also noted that demand for funds currently outstrips supply.

64. CC also expressed concerns relating to falling numbers of self-employed people in the creative industries, stating that this is a "significant cause for concern", and exemplifies the pressures facing artists and freelancers. It suggested that the "lack of an inflation-resilient approach" to investment in this part of the sector may be contributing to this decline and recommend that the forthcoming Budget should set a dedicated grant in aid allocation for the Open Funds that should be maintained in future budgets.

65. CC stated that a predictable grant in aid contribution is essential “to ensure that artists, freelancers and grassroots organisations can continue to develop and deliver the work that underpins Scotland's wider cultural ecosystem.” It also emphasised that the Minimum Income scheme for artists committed to in the Scottish Government’s Programme for Government 2026-31, while welcome, should not be seen as a substitute for the support provided by the Open Funds, as both forms of support have a role to play.

66. Creative Scotland noted in evidence the high level of demand for the Open Funds and indicated that it would like to see a higher success rate for applications to the fund, with fine-tuned decisions currently having to made between applications. It reiterated the evidence heard that the Open Funds are funded from National Lottery funding, which represents an “extremely important part of the funding mix”. CS also committed to provide follow-up information regarding how return on investment from the funds is measured.

Creative Scotland’s multi-year funding programme

67. In evidence, CS noted the difficulties presented to organisations of the three year “cliff-edge” of the current multi-year funding arrangements. It indicated that it wishes to implement a streamlined, lighter-touch approach to the next application process for organisations that are doing well, and that it wishes to move to a rolling programme.

68. The Cabinet Secretary acknowledged the current level of demand for Creative Scotland’s multi-year funding programme. She indicated that there may be an opportunity to seek improvements to the programme in the next round of applications and noted that the review of CS will underpin any changes, such as CS moving towards becoming more of a development organisation: encouraging and supporting organisations to diversify their income for long-term sustainability.

Measuring outcomes

69. The Committee sought detail as to how CS understands and evaluates the impact of its work, including work towards increasing levels of cultural participation. CS explained that there are differing asks and requirements in different areas of Scotland, and that the collection of information relating to, for example, audience demographics and preferences can help to shape targeted work.

70. It stated that, though its two offices are located in Edinburgh and Glasgow, its hybrid wording model means that staff are located in various locations. It also outlined its plan to establish local hubs.

71. However, CS noted that the collection of this information can place a significant burden on organisations. It highlighted that the upcoming publication of findings

from the Framework of Impact research should provide information on impacts, including cross-sectoral impacts.

72. CS also highlighted that it undertakes evaluation of its Place Partnerships and Culture Collective programmes, and welcomed the Local Culture Scotland report (discussed below) and its work towards establishing evaluation models.

National Performing Companies

Funding

73. During the Committee's evidence-taking, concerns were raised regarding the current funding situation for the National Performing Companies ("NPCs"). CC stated that the NPCs have experienced "deep and sustained real-terms cuts in their budgets", including a real-terms cut of 45.8% since 2013-14.

74. The National Theatre of Scotland ("NTS") welcomed the Scottish Government's indication that the NPCs will receive a more significant uplift to their budgets in 2028-29. However, it also emphasised that costs have risen faster that funding, meaning that additional funding is absorbed by costs rather than being used for improvements or developments. Real-terms funding for the NPCs, it explained, has fallen over the past decade and the current level of grant is around 24% lower than in 2016-17.

75. The NTS stated that, given the current context, should the Scottish Government wait until 2028-29 to deliver an uplift to funding for the NPCs, the NTS will face a budget deficit of £432k for 2027-28. It therefore recommended that the 2028-29 uplift for the NPCs be confirmed and that transitional support should be provided in the meantime to address the deficit expected in 2027-28, which it noted would result in lost capacity which would be slow and costly to rebuild.

76. CC recommended that the 2027-28 Budget should restore the NPCs budgets. Highlighting the importance of stable, long-term funding, the NTS recommended that the Scottish Government should provide three-year funding settlements for directly funded bodies, which was a commitment of the Government in the previous session and a subject of scrutiny by the Session 6 CEEAC Committee.

77. With regard to the expected timing of the anticipated funding uplift for the existing NPCs, the Cabinet Secretary explained that Scottish Government officials are engaging directly with the NPCs to understand the current level of requirements and pressures and to develop business cases with the NPCs for the future. She stated that the outcomes of these discussions will be taken forward in conversations with the Cabinet Secretary for Finance and Local Government.

A new National Performing Company

78. Witnesses, including the NTS, welcomed the Scottish Government's commitment to establish a new NPC for traditional music. However, several questions were raised in the Committee's evidence-taking in relation to the proposal.

79. The NTS emphasised the need for assurance that the new NPC will be funded in addition to the expected uplift for the existing NPCs. CC echoed this, and asked—

> "how can Scotland realistically plan to expand its national company model while the companies already delivering it are being asked to do more with significantly less?"

80. The Traditional Music and Song Association ("TMSA") highlighted significant ongoing uncertainties surrounding the proposal to establish a new NPC. It noted that it is unclear where the proposal to establish a new NPC came from and stressed that the Scottish Government's consultation has not as of yet sought to clarify whether there is definitely a demand or need for a new NPC. The TMSA recognised that, although traditional and folk arts are a vital part of many Scottish communities and Scotland's cultural heritage, questions remain around the rationale and funding for the new NPC.

81. In evidence, the Cabinet Secretary stated that it is a "considerable anomaly" that no NPC for traditional music currently exists and explained that the establishment of the new NPC would give parity to traditional music.

82. The Cabinet Secretary acknowledged that, though individuals in the industry have expressed support for the proposal, there has also been an emphasis on the new NPC taking the correct form. She outlined that the new NPC would not necessarily fit the model of the existing NPCs and stated that she is "open-minded" about the form the new NPC would take, expressing that the model adopted needs to be right, authentic and helpful.

Strategic funding approaches

83. In its evidence-taking, the Committee sought clarity as to whether the existing landscape of culture-related strategies is working, and how additional funding can be ensured to generate improvements in outcomes.

84. The NTS stated that, with regard to the strategies in place, the metrics and outcomes are "broadly there", but that challenges arise where strategic drive meets resourcing levels. It explained that, in order to deliver on outcomes, it is important that the "machinery" working underneath is able to function in an efficient and outcomes-focussed way. It highlighted that the increases to culture funding have not yet successfully reached all parts of the cultural infrastructure.

85. MGS described strategies as providing a “framework for investment” and stated that, while that framework ought to provide flexibility for the sector to adapt to changing circumstances, the structure provided by current strategies is “absolutely relevant to the changing challenges and opportunities” within the sector.

86. The TMSA suggested that, instead of generating new strategies, existing strategies must be stuck to. FST further stated that, with the Culture Strategy, the Action Plan Refresh and the findings from the Independent Review of Creative Scotland all in place, priority should now be given to creating a manageable number of long-term priorities and metrics and identifying whose responsibility it is to act on those priorities.

87. St Magnus International Festival noted that, particularly for smaller organisations, the interaction between funding and the degree of activity required to meet strategic outcomes can be challenging. It also stated that the different requirements of urban and rural environments are not always recognised within Scottish Government strategies, highlighting that this can be their “downfall.”

88. MGS emphasised that the next round of funding must be looked at strategically, and the FST highlighted that current positive commitments to culture must result in frameworks that are more robust at generating long-term impact on the ground.

89. In evidence, the Cabinet Secretary outlined the aim of using resources as strategically as possible to help organisations and individuals to become sustainable on their own and not reliant on the Scottish Government. She acknowledged that the innovative use of funds can generate improved outcomes and provide greater stability, and highlighted initiatives such as the Museums Futures Programme as exemplifying a strategic model offering different kinds of support, beyond funding. The Cabinet Secretary indicated that the successes from this model could be applied to wider aspects of the culture sector.

90. The Cabinet Secretary also recognised that rural perspectives and requirements need to be taken into account in strategies and funding decisions, stating that it is important that culture reaches “every part of the country”. She noted that the expectation is that rural perspectives and requirements should be taken into account by those considering funding decisions and committed to considering how parity can be supported across Scotland.

Cross-portfolio working

91. Throughout its evidence-taking, the Committee heard extensive evidence surrounding the cross-sector contributions of cultural activity and spend, including positive and preventative impacts relating to health, wellbeing, education and the economy.

92. The FST emphasised that cross-portfolio work relating to culture must be covered by “cohesive, strategic decision-making at a governmental level.” It suggested that the Scottish Government should establish a clearer approach to connecting the Culture Strategy, any future culture legislation and budgetary decisions, including across local government and other portfolios.

93. COSLA cautioned against national cultural policy and spending decisions treating culture as a stand-alone portfolio issue and stated that “any approach to preventative budgeting should therefore recognise the whole-system value of Local Government and enable funding to flow to the services and places where impact is greatest”. In evidence, it said that, although there is a shared commitment to move to preventative spend, this is challenging. COSLA suggested that around 30% of local government funding is non-directed.

94. CC, SCAN and others, emphasised that different parts of the public sector should be linked together to achieve outcomes, and focus should be placed on facilitating joined-up and collaborative working between sectors. CC noted that these detailed linkages do not exist at present and suggested that, for example, a policy framework allowing diversion from primary care towards community-based interventions could reduce the pressure on primary care services arising from isolation and other non-urgent wellbeing-related factors. SCAN stated that—

> “We need the Scottish Government to be a really strong partner and advocate for a cross-portfolio approach to culture, but also to bring all those other decision makers to the table so that they fully understand how we can invest in culture.”

95. SCAN’s submission recommended that the Scottish Government should make a clear commitment to make culture a central consideration across all policy areas. Furthermore, HES stated that additional value and joined up delivery of Scottish Government priorities could be achieved through cross-portfolio funding and increased budget alignment. In evidence, CC stated that there is currently a gap between spend and the clear measurement of outcomes and suggested that there needs to be a better sense of how spending in one area will produce an improved or different impact in another.

96. The CEEAC Committee recommended throughout Session 6 that the Scottish Government should make progress towards greater cross-portfolio working. Its final pre-budget report of the Session noted that the then Cabinet Secretary first committed to engage directly with other Cabinet Secretaries with regard to cross-portfolio working in 2021, and that this was followed by further commitments throughout Session 6.

97. The Committee asked that the Scottish Government provide detail as to the content and outcomes of these engagements and how they contributed to progress towards mainstreaming and cross-portfolio working over Session 6. The

Scottish Government's response to the report stated that it had engaged across policy areas to mainstream culture, and that the Cabinet Secretary and officials continued to advocate for culture and to demonstrate its impact across portfolios. It stated that—

> "Given current and ongoing fiscal challenges and the need for the Scottish Government to remain flexible when managing budgets across portfolios, it is not expected to result in any immediate joint funding for additional programmes."

98. As well as recognising the intrinsic value of culture, the Cabinet Secretary also recognised in evidence the cross-portfolio benefits of culture highlighted in the Committee's evidence-taking, stating that there is a "clear understanding" as to how work that is ongoing in culture generates outcomes elsewhere. The Cabinet Secretary explained that conversations and work around cross-portfolio approaches are ongoing and stated that engagement is taking place across Scottish Government directorates.

99. The Cabinet Secretary highlighted the Chief Medical Officer's recognition of the positive impacts of culture on health and suggested that more could potentially be done in relation to cross-portfolio working with health.

100. The Cabinet Secretary stated that she is keen to understand impacts of culture across portfolios. She noted that impact is measured differently across different pots of funding, but that having access to this information helps to make the case for cross-portfolio funding. However, the Cabinet Secretary outlined that restrictions on the level of funding available across portfolios remains a barrier to achieving increased cross-portfolio funding.

Culture bill

101. Several witnesses commented on the Scottish Government's commitment to consult on the introduction of a culture bill during the current parliamentary session.

102. In evidence, the Committee heard that the development of cultural legislation could enable cross-portfolio and strategic decision-making with regard to policy, outcomes and investment. For example, CC stated that "moving in that direction in the longer term is probably the route to getting the best impact and value for money from cultural investment."

103. CC and the TMSA suggested that a culture bill could help, for instance, to address issues surrounding varying levels of cultural spend and provision in local authority areas. CC stated that leveraging outcomes from culture spend needs to be partly predicated on statutory duties and obligations, emphasising that "strategies can set out intentions, but, at some point, we have to consider requirements."

104. Echoing this sentiment, the TMSA noted that any culture bill could include a baseline requirement that local authorities would be required to meet, “because they work to statutory requirements in many cases, so, if the statutory requirement ain’t there, they are not going to work towards it.”

105. The Committee sought COSLA’s view on the suggestion that a statutory duty could be placed on local authorities to ensure cultural funding and/or provision. COSLA responded that any statutory requirement for provision must be fully funded and come with funding for successful implementation.

Public Service Reform

106. Though much uncertainty remains regarding the form and extent of the Scottish Government’s Public Service Reform (“PSR”) programme, consideration was given during the Committee’s evidence-taking as to how PSR could help to achieve a more strategic approach to culture funding, and vice versa.

107. HES suggested that the PSR programme, alongside the refreshed National Performance Framework, “provide an opportunity to consider how public investment can deliver stronger long-term outcomes.” It encouraged adequate resourcing towards PSR to be provided in the 2027-28 budget and support for public bodies to deliver on the PSR programme.

108. COSLA’s submission stated that “the reform of public services, including cultural services, will only succeed if it is rooted in communities, and we will not support plans that seek to dilute local democracy or remove accountability.”

Local Culture Scotland report

109. As part of its pre-budget scrutiny, the Committee took evidence from the author and project partners of the *Local Culture Scotland* report, which was commissioned by the Scottish Government following the Session 6 Constitution, Europe, External Affairs and Culture Committee’s inquiry into Culture in Communities.

110. Matt Baker, author of the report, outlined the report’s findings, many of which touch on the issues highlighted above. For example, he highlighted the need to address the disconnect between local and national strategies, and to address issues within the culture sector, including issues relating to cultural provision. Mr Baker also explained that the report also seeks to input into the PSR agenda, by outlining how cultural activity can bridge the gap between strategy and the community delivery in a range of sectors, including health and education.

111. The report proposes guaranteed funds of £500,000 for each of Scotland’s current 32 local authority areas, to be allocated strategically within the local authority area, and to be renewed biannually. Mr Baker explained that the report also encourages local decision-making, funding allocation through negotiation

rather than competition, and the creation of a national network to support coordination and strategic connection.

112. The Committee heard that the proposed approach would sit alongside existing structures and would be hosted by an existing organisation, working autonomously as a project within the existing infrastructure, and adding capacity to what is already there. Mr Baker stated that the current landscape is very complicated, so the aim would be to bring the various players into a communication network in order to try to level the funding playing field across Scotland.

113. Mr Baker described the cross-sector approach outlined in the report, explaining that a local coordinator (who would be employed by a local host organisation) in each local area would work to bring together local organisations, including non-cultural organisations, to work strategically to agree how the allocated money should be spent. This, he stated, could increase collaboration across sectors and leverage additional support for the culture sector through these partnerships.

114. Pauline Smith, one of the report's project partners, noted that the approach outlined in the report could address some of the concerns around the sustainability of cultural venues and spaces by bringing decision-making closer to communities. She explained that, as a lot of cultural venues are passing into community ownership, consideration must be given to how funding for those assets can be facilitated as they are transferred from councils to communities. Ms Smith further stated that—

> "Local communities sometimes step in to preserve local buildings at the last gasp when they are at risk of losing such things, but it is often the communities that need them most that have the least capacity to take that on at short notice."

115. Pauline Smith further noted that, though tensions may arise relating to the allocation of funding, "we cannot be scared of open debate." She explained that a place-based approach allows organisations to be more flexible in their approaches and increases their financial viability. She stated that—

> "Through further local democracy, our proposals will provide a fairer playing field, with everyone's voice being heard. It will not be a case of them versus us or of the haves versus the have-nots. Collectively, people will decide on their priorities for the available funding for their area."

116. In evidence, CS welcomed the thinking in the report. It noted that that the recommendations relating to the establishment of cultural coordinators present a "positive model" but highlighted that CS already undertakes aspects of this role, so there may be a risk of duplication. It stated that any changes would need to be

"genuinely complementary", rather than seeking to simply replace one programme with another.

117. CS stated that, in its view, it is difficult to see how the proposals would play out locally. It questioned whether the proposed approach of allocating £500,000 to each local authority area would work, noting that although working at a local level represents a strong approach, CS does not tend to work through blanket approaches due to the different landscapes and challenges experienced in different areas. It also noted that CS is not currently a statutory partner in community planning, though it would like to be.

118. The Cabinet Secretary confirmed that consideration is being given to the report's recommendations, stating that an update will be provided in due course. She noted that any consideration of the report's recommendations should take into account the need to ensure accountability in the way that public money is allocated. The Cabinet Secretary outlined that, despite potential changes to the structure of local government, consideration can still be undertaken as to how the report's recommendations could be implemented in different set up.

Conclusions and recommendations

Fiscal challenges and allocation of additional funding

119. The Committee welcomes the Scottish Government's confirmation that it will uphold its commitment to increase culture funding by £100 million a year by 2028-29, and its further commitment to increase culture funding by £50 million by the end of the current parliamentary session. We support the evidence heard regarding the greater stability and confidence afforded to the culture and heritage sector as a result of the uplifts.

120. However, the Committee also acknowledges that, despite funding uplifts, the culture and heritage sector continues to face a number of challenges, including in relation to current levels and balance of funding, financial resilience, funding uncertainties, the availability and state of repair of venues, and wider economic pressures.

121. We note evidence from stakeholders regarding the balance of additional funding allocations, most of which have thus far gone towards Creative Scotland's multi-year funding programme. We recommend that the Scottish Government sets out, alongside the 2027-28 Budget, a clear funding trajectory towards its funding commitments. We also request detail as to how the Scottish Government plans to allocate additional funding in order to provide support to parts of the sector and geographical areas that have not yet benefitted substantially from previous uplifts.

122. The Committee notes the evidence from stakeholders regarding the stability and ability to forward-plan afforded by multi-year funding commitments. We note

the Cabinet Secretary's comment regarding the need for a strong case for multi-year funding to be made in order for it to be provided, and ask that the Scottish Government sets out, in its view, what criteria would amount to a "strong case" for multi-year funding.

123. The Committee recognises that providing multi-year funding commitments to a greater number of directly funded bodies would provide benefits to those organisations and requests confirmation as to whether the Scottish Government plans to extend the number of organisations in receipt of multi-year funding commitments as part of the 2027-28 Budget or future budgets.

Local Government funding

124. The Committee shares the concerns of stakeholders and its predecessor Committee that Scottish Government increases to culture funding may be less effective due to reductions to culture funding at the local authority level. We note COSLA's evidence, which outlined that councils are in a position where they must prioritise statutory duties and crisis response, resulting in non-statutory services such as cultural services being "disproportionately exposed to reductions." We also note the Cabinet Secretary's comments regarding the autonomy of local authorities to decide how funding received from the Scottish Government is spent and the intention for increased Scottish Government funding for culture to be complementary to, not a replacement for, local authority investment.

125. The Committee's view is that national and local funding decisions must be considered together if investment is to strengthen cultural provision and participation throughout Scotland.

126. The Committee requests that the Cabinet Secretary and COSLA set out when the partnership agreement between the Scottish Government and COSLA will be published, and whether the agreement will facilitate an improved understanding of the impact that any reductions in culture funding at the local authority level may have on the desired outcomes of increased Scottish Government culture funding. We recommend that steps need to be taken to address this concern.

127. The Committee recognises that the Visitor Levy may provide additional support for culture, but that it is not a substitute for sustainable core funding, and that it is a matter for local authorities to decide whether to introduce the Levy and to determine how to utilise its revenues. We invite COSLA to provide updates as evidence becomes available on the implementation of the Levy in local authority areas, including in relation to any impacts on local residents and services, and visitor numbers, and in relation to the extent to which revenues are being used to support local culture.

Capital infrastructure

128. The Committee shares stakeholders' concerns surrounding the lack of capital funds for the culture and heritage sector. We note that insufficient capital

investment risks the loss of valuable cultural assets and higher costs in the future. We also note that some work has been commenced on this and request an update from the Scottish Government on the work it is undertaking with Creative Scotland and other partners, including local authorities, to assess the infrastructure investment needs of the sector, including on the extent to which this work encompasses the whole sector, including museums and galleries.

129. We request that the Scottish Government identifies how the 2027-28 Budget will address urgent capital requirements, and how the 2027-28 and future budgets will support the longer-term capital requirements of the sector, including those relating to climate adaptation.

130. The Committee notes concerns relating to the sustainability and upkeep of venues and the provision of cultural spaces more generally, particularly in more rural or less connected areas.

131. We also share the concerns of stakeholders regarding the recent closures of several high-profile venues and the potential impacts of these and further losses on the sector and the public.

132. We ask the Scottish Government, COSLA and Creative Scotland to explain how they will identify venues at risk of falling into disrepair and/or closing and how they will coordinate support for sustainable local provision. We also ask the Scottish Government and COSLA to consider how the process for community buyout could be better supported, both through funding and advice.

Workforce, skills and Fair Work

133. We note the concerns expressed by the sector and recommend that the Scottish Government and relevant delivery partners should undertake a coordinated approach to workforce and skills development.

134. We ask the Scottish Government to publish its response to the Fair Work Task Force report as a matter of urgency, and to explain any budgetary implications arising from the measures it intends to take forward.

Creative Scotland

135. The Committee requests that Creative Scotland provides further information regarding how it will measure the impact of its work and funding, including on levels of cultural provision and participation in different geographical areas. This should include how it will evaluate outcomes arising from its multi-year funding programme and the Open Funds.

136. The Committee notes that some staff working for Creative Scotland work outwith the central belt. The Committee is not convinced that this represents a strategic approach to ensuring that decision-makers in Creative Scotland have a good understanding of the cultural ecosystems across Scotland. The Committee

recommends that Creative Scotland sets out how it will ensure that it has a broad and deep understanding of all parts of Scotland to ensure that it supports culture and the enjoyment of culture in every community across Scotland.

137. The Committee recognises the important role that National Lottery funding plays in funding many aspects of the culture and heritage sector, including its central role in the provision of Creative Scotland's Open Funds. We therefore ask the Scottish Government and Creative Scotland to respond to stakeholders' concerns regarding the sustainability and reduced purchasing power of National Lottery funding and to provide their views on the role the funding is likely to play in future years.

138. We also ask the Scottish Government and Creative Scotland to outline what contingency planning is being undertaken to mitigate any decline in National Lottery funding. Additionally, we ask that the Scottish Government confirms whether consideration is being given to the calls from stakeholders for predictable and more transparent grant in aid funding to be provided to Creative Scotland's Open Funds and set out in the budget.

139. We ask the Scottish Government to set out the timetable, funding, and evaluation arrangements for the minimum income for artists pilot committed to in the Scottish Government's Programme for Government, and to provide details as to how it will interact with the Open Fund for individuals.

140. We welcome Creative Scotland's indication that it is seeking to streamline the application process for some organisations applying for multi-year funding. We ask that Creative Scotland provides the Committee with regular updates regarding any assessment of, or amendments to, the application process for the multi-year funding programme, including any plans to introduce rolling funding.

National Performing Companies

141. The Committee recognises the evidence heard regarding the impact on the NPCs of sustained real-terms funding reductions. We welcome the prospect of additional investment for the NPCs and consider that the timing and certainty of any additional support are important if future uplifts are to deliver lasting benefits.

142. As such, we recommend that, if the Scottish Government does not deliver an uplift for the NPCs in the 2027-28 Budget, it should provide transitional support in 2027-28 to avoid or minimise any deficits or losses being incurred in the intervening period, and to help ensure the maximum impact of future increased funding. We also ask the Scottish Government to confirm, alongside the 2027-28 Budget, the timing and amount of the uplift for the NPCs, and how it will extend the companies' work to more local authority areas.

143. The Committee welcomes stakeholder support for the Scottish Government's commitment to establish a new NPC for traditional music. We also recognise that

there remains significant uncertainty surrounding the rationale and funding for the new NPC. We note the Cabinet Secretary's assertion that the current absence of an NPC for traditional music represents an "anomaly". However, we ask that the Scottish Government sets out in greater detail the rationale behind the establishment of a new NPC, including in relation to:

a. how the traditional music sector was involved in arriving at the proposal, including details of all organisations that were consulted prior to making the proposal,
b. what other options were considered for the support and promotion of traditional music,
c. how the new NPC will align with, and contribute towards, a strategic, outcome-focussed approach to culture budgeting, and
d. when details are available, the expected cost of establishing the new NPC and its annual running costs.

144. In light of concerns raised by stakeholders, we also request that the Scottish Government provides assurance that the new NPC will be funded in addition to the existing NPCs, and that any funding uplifts will be directed to the existing NPCs and not directed entirely towards the new NPC.

Strategic approaches

145. The Committee notes the Cabinet Secretary's assertion that resources should be used as strategically as possible, and that the innovative use of funds can generate improved outcomes and provide greater stability. We recommend that the Scottish Government sets out how it will bring together the existing culture-related strategies, and relevant strategies in other/wider portfolio areas, to ensure funding is allocated in a strategic way that maximises outcomes and reaches all parts of the culture and heritage sector.

146. The Committee believes that the Scottish Government should set out what outcomes it expects from the significant increase in culture funding and how these will be measured. These outcomes and measures should be published alongside the 2027-28 Budget.

Cross-portfolio working

147. The Committee recognises the significant impact of culture on other areas, including health, wellbeing, education and the economy, and the impact that other portfolio areas have on culture. The Committee considers that there is a substantial need for strategic, cross-portfolio working in relation to budget allocations.

148. We welcome the Cabinet Secretary's suggestion that more cross-portfolio working could be undertaken in relation to health, and we request further detail from the Cabinet Secretary for Education, Culture and Gaelic and the Cabinet Secretary for Health and Care as to how the 2027-28 Budget will recognise the

interlinkages between these two portfolios and support opportunities for a cross-portfolio approach to funding in this area. We ask that the Scottish Government also outlines how opportunities for cross-portfolio working and funding between culture and other portfolios more generally will be supported by the 2027-28 Budget and future budgets.

149. The Committee notes the Scottish Government's commitment to strengthening preventative budgeting through the Prevention Unit and recommends that the Cabinet Secretary for Education, Culture and Gaelic work closely with the Unit to develop a clear and consistent framework for identifying, assessing and reporting preventative spend across culture budget lines. This framework should improve transparency and accountability to the Parliament by demonstrating how cultural investment contributes to long-term preventative outcomes, including improved wellbeing, reduced inequalities, stronger communities and reduced demand on public services. The Committee also seeks clarity on how the refreshed National Performance Framework will support this approach, driving stronger cross-portfolio working and a shared understanding of outcomes across government, while providing a more robust basis for evaluating the preventative impact of culture spending.

Public Service Reform and a Culture Bill

150. The Committee notes that the Scottish Government's Public Service Reform programme is at an early stage. We recognise that there is a need to consider the cost of reforms, but that reforms also have the potential to deliver savings in the longer-term.

151. The Committee also notes the current level of uncertainty among stakeholders around the timing and scope of potential cultural legislation, which the Scottish Government has committed to consult on the introduction of during the current parliamentary session.

152. We request that the Scottish Government keeps the Committee updated on how culture – including the strategic, cross-portfolio and legislative considerations explored above – will be considered and adapted by the PSR programme, including in any reforms to local government.

153. The Committee also agrees with the evidence heard from COSLA that any additional statutory requirements for local authorities would need to be adequately resourced.

Local Culture Scotland report

154. The Committee notes the findings and recommendations of the *Local Culture Scotland* report.

155. The Committee notes the Cabinet Secretary's initial reflections on the findings of the *Local Culture Scotland* report. We will consider the Scottish Government's full response to the report and its recommendations in due course.