



The Scottish Parliament
Pàrlamaid na h-Alba

Fiona Hyslop MSP
Cabinet Secretary for Culture,
Tourism and External Affairs
Scottish Government

The Scottish Parliament
Edinburgh
EH99 1SP

BY E-MAIL

16 October 2019

Dear Cabinet Secretary

RE: PRE-BUDGET SCRUTINY

On behalf of the Culture, Tourism, Europe and External Affairs Committee I would like to thank you for giving evidence on 26 September 2019 regarding pre-budget scrutiny of your remit. I am writing to you to set out the Committee's priorities for the 2020-21 budget based on your evidence to the Committee and the wider scrutiny that the Committee has undertaken of your remit, notably with regards to arts funding, since you last gave evidence to the Committee on the Scottish Government's 2019-20 budget in January.

Culture

Culture Strategy

The Committee notes that the forthcoming Culture Strategy is due to be published following consultation on the Strategy having closed last year. In evidence to the Committee, you stated that you aspire for the Strategy to be bold and ambitious. The Committee supports your ambition. In evidence, you emphasised that wider economic uncertainty constrains budgets across government. However, the Committee considers that if the forthcoming Culture Strategy is to be of value then it must be adequately resourced. The Committee expects to obtain details of the financial support for the Strategy either in the 2020-21 budget or upon publication of the Strategy.

As you mentioned in your evidence to the Committee on 26 September, the strategy will seek to deliver on its main themes by aligning the activities of partner agencies

and Governmental departments. You also discussed leveraging funding from other governmental departments and cited health as an area where cultural activity can have a positive impact in terms of preventative spend. However, given your comments about the need to leverage funds across portfolios, the Committee seeks more information on what measures you have put in place to formalise this process to ensure consistency across governmental departments, foster a greater understanding of the potential value of cultural activity across policy areas and how funds will be allocated between portfolios.

Participation in cultural activity

The National Performance Framework (NPF) identifies four indicators which underpin the national outcome for culture. One of these indicators relates to participation in cultural activity. The 2018 Scottish Household survey found that—

“overall participation in cultural activities was higher among women, those with degrees or professional qualifications, those with good physical and mental health, those living in less deprived areas and those with a higher household income”.¹

Although the Committee accepts that overall participation in cultural activity in Scotland remains high, there still exists a significant degree of disparity between certain demographics. Furthermore, the Committee is not convinced from the data provided in the 2018 household survey that sufficient progress is being made to close the participation gap. With specific reference to outcomes, the Committee would appreciate more information about how the Scottish Government is working to close this gap in cultural participation.

In terms of outcomes, a specific area highlighted in your evidence to the Committee was the role youth initiatives play in supporting participation in early years and the link between youth participation and adult attendance.

In evidence, you cited the Cultural Youth Experience Fund as an example of such a project that you consider could contribute to Scottish Government outcomes on culture. However, you also explained because of in year decision making relating to pension pressures should you decide to fund this initiative you would also have to stop funding in other areas. Given the role this initiative plays in supporting outcomes in terms of participation and attendance, the Committee believes strongly that the Cultural Youth Experience Fund should be supported.

In oral evidence the Committee questioned the rationale for substantially changing the culture question in 2018, making data non-comparable to previous years. The Committee would appreciate clarification as to why this decision was made and how the Scottish Government then uses statistical data to monitor trends and inform budgetary decision making.

¹ Scottish Government, Scotland's People Annual Report 2018, Chapter 12. Accessible at—
<https://www.gov.scot/publications/scotlands-people-annual-report-results-2018-scottish-household-survey/pages/12/>

National lottery funding

When Creative Scotland wrote to the Committee as part of the Arts Funding inquiry, they stated that:

“The National Lottery has recently been under challenge from competition from other lotteries, particularly Society Lotteries. This has led to fluctuations and volatility in the income being generated and subsequently distributed. The recent impact on Creative Scotland has been a fall in income from The National Lottery of some £6million.”

and

“This is a significant issue. With approximately 86% of Creative Scotland’s core unrestricted Grant-in-Aid funding allocated to the current Regularly Funded Organisations, the two remaining funding routes we offer (Open Project Funding and Targeted Funding) are largely only possible through The National Lottery.”²

The Committee welcomes that the Cabinet Secretary secured an additional £6.6 million to address the shortfall in National Lottery funding in the previous financial year. However, we remain concerned that fluctuations in National Lottery income and the increased market pressure introduced by society lotteries means organisations such as Creative Scotland can no longer rely on the National Lottery as a reliable source of income. Therefore, the Committee recommends the Scottish Government develop concrete proposals, as part of the culture strategy, to mitigate this shortfall in the longer term and create a more sustainable funding model for culture.

European funding programmes

The Committee appreciates that discussions between the Scottish and UK Governments regarding participation in European funding programmes are ongoing. As you stated in your evidence to the Committee on 26 September, the Scottish Government is yet to receive guarantees that such funding will continue, but the UK Government has asserted that it wants that to happen. Given the critical role funding programmes such as Creative Europe play in supporting cultural activity in Scotland, the Committee would appreciate regular updates on these discussions.

Screen

The Screen industry continues to be an area with significant growth potential, supporting domestic employment and providing wider benefits for the Scottish economy. The Committee welcomed the additional financial support from the Scottish Government provided to Screen Scotland following its establishment. Screen Scotland has a pivotal role in fostering domestic talent, providing enhanced business development support and attracting productions to Scotland. The Committee firmly believes that if Screen Scotland is to maintain momentum in the

² Creative Scotland, written submission, p. 3: https://www.parliament.scot/S5_European/Inquiries/CTEEA_S5_19_AF_59.pdf

face of steep international competition then the Scottish Government should continue to provide a consistent and sustained package of financial support.

As you highlighted in your evidence to the Committee, investment of around £3 million in the production growth fund has generated approximately £60 million of production spend. Whilst it is important that this increase in production spend supports the industry domestically it clearly demonstrates the potential value the screen industry can play in the Scottish economy more generally. The global demand for content coupled with the quality of Scotland's domestic offering in terms of talent and expertise continues to provide a significant opportunity to grow the sector and enable Scotland to be a world leader in Screen. The Committee considers it essential that this ambition is reflected in the forthcoming culture strategy.

Talent development was an area highlighted in the Committee's report on Screen published last year. The Committee heard compelling evidence about the ownership of ideas and its key role in bringing economic benefit back to Scotland. If we are to foster a more supportive environment for Scotland's emerging talent, the Committee expects a greater focus on talent development as part of enhanced financial support for the screen sector. This is an issue the Committee expects the Cabinet Secretary to pursue in her forthcoming budget.

Employment in arts and culture

The Committee notes that one of the national indicators for culture is to increase the numbers of people working in arts and culture. However, we note from the longitudinal data provided in the most recent Scottish Household Survey that despite increased growth in the cultural economy there has been a downturn in the numbers of people working in the sector. This suggests that despite strong economic performance the sector isn't supporting a growth in associated domestic employment. The Committee seeks the view of the Cabinet Secretary as to the reason for this trend.

Local Authorities

The Convention of Scottish Local Authorities (COSLA) wrote to the Committee prior to the meeting on 26 September observing that "cultural services delivered by Local Government play a significant role in improving wellbeing and in building sustainable communities" but that "these are areas that sit predominantly within unprotected areas of Council budgets and are therefore facing extreme financial challenges." COSLA also stated that "spending on libraries, sports facilities and museums have all reduced" in recent years and has led to reduced services and increased charges."³ COSLA went on to state that—

"At the same time, charging has increased in an effort to maintain the viability of some services (up 7% in the last year alone). These are not savings and charges that Councils want to levy. Councils realise the impact that these

³ COSLA submission, CTEEA Meeting Papers – 26 September 2019, p.3-4. Accessible at—
https://www.parliament.scot/S5_European/General%20Documents/CTEEA_2019.09.26MeetingPapersPUBLIC.pdf

measures have on individuals and communities, as well as on the prevention agenda, but with limited resources these are the extremely difficult decisions facing local authorities across Scotland”⁴.

Whilst the Committee understands the increased budgetary pressures placed on local authorities and the lack of ringfencing for cultural services, we would nonetheless encourage the Scottish Government to consider how the provision of these services could be better supported, particularly given the Scottish Government’s commitment to encourage participation and attendance as defined by the national indicators for culture.

In evidence to the Committee, on pre-budget scrutiny, last year, you stated that:

“On our relationship with the Convention of Scottish Local Authorities, we used to have a committee that, at my suggestion, met every six months with the local authority conveners responsible for culture. One of the positive outcomes of that was the national strategy for public libraries, which was a very good collaborative piece of work.

However, the committee has not really met as much as we would have wanted, although that is not as a result of any desire of mine. The fact is that there were elections, and the new leads responsible for the different portfolios had to be appointed. The committee has not been convened since the last local government elections, but I am keen for it to meet, because it is a very good forum in which local authorities can have collective exchanges.”⁵

Given the financial challenges facing local authorities and the resulting pressure on the delivery cultural services, the Committee would recommend this Committee be reconvened to encourage greater collaboration and the sharing of best practice across Scotland’s local authorities.

Tourism

The Committee welcomes the generally strong performance of Scotland’s tourism industry despite the challenges associated with the domestic tourism market. The Committee notes the recent announcement⁶ by the Scottish Tourism Alliance (STA) of a ‘draft future tourism strategy’ which has been developed jointly by the tourism industry, Scottish Government and public agencies. The Committee notes that the report has been shared with 450 industry delegates at the STA conference but has not been published. The Committee requests a copy of the draft strategy.

⁴ Ibid, p. 4-5.

⁵ Culture, Tourism, Europe and External Affairs Committee, Official report, 27 Sep 2018, Col.4.

⁶ Scottish Tourism Alliance website, 7 October 2019. Accessible at—
<https://scottishtourismalliance.co.uk/draft-future-tourism-strategy-announced-at-sta-conference/>

External affairs

Hub offices

The Scottish Government's Hub/International offices fulfil an important role in promoting Scottish interests internationally and the work of the offices will be ever more important should the UK leave the European Union. The Committee appreciates that some of the offices have only been operational for a short period of time and have distinct priorities as set out in their respective business plans. At this stage, the Committee highlights that the Committee will consider the role of Hub Offices as a component of our External Affairs Inquiry in due course.

In line with agreed timetable for scrutiny of the budget, the Committee looks forward to hearing from you following publication of the 2020-21 budget.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Joan McAlpine', with a long horizontal line extending to the right.

Joan McAlpine MSP

Convener

Culture, Tourism, Europe and External Affairs Committee