Dear Convener

CREATIVE SCOTLAND RESPONSE TO COVID-19
JUNE UPDATE

I hope this letter finds yourself and the Committee safe and well.

It is clear that this year stands to be one of the most challenging for the arts, screen and creative industries in Scotland. Many of our organisations, companies and venues are having to seriously contemplate their ability to continue, risking the livelihoods of the thousands of people employed and the thousands of artists and creative practitioners commissioned.

Firstly, I would like to reassure the Committee that Creative Scotland is drawing on all our current resources to safeguard, adapt and protect the future of art and creativity in Scotland.

You mentioned in your letter of 28 April that the Committee would welcome a monthly update from Creative Scotland and in particular: more detail on how much of the available funding has been awarded to recipients; the amount being awarded in individual grants; the individuals and organisations that have been awarded funding to date; and the geographic spread of the individuals and organisations that have been awarded funding.

I have therefore detailed as far as possible in this update, information which I hope will help in keeping the Committee informed of the spread and impact of the funding programmes we have introduced in response to Covid-19.

I have also included an initial contribution to the Committee’s wider inquiry into the impact of Covid-19 and we will continue to update the Committee on our understanding as the context changes.


**Funding Response to Covid-19**

Creative Scotland’s primary focus in our immediate response was to keep funding flowing to sustain individuals and organisations through the immediate short-term impacts, whilst still keeping an eye to the medium to long term recovery required.

This initial response included a commitment that all funding awards already committed (including Regularly Funded Organisations, Open Project Funding, Expo Funding, the Youth Music Initiative) would be honoured – regardless of whether the funded activity was cancelled, reduced or rescheduled.

We then very quickly developed and launched two new funds on Friday 27 March:
- A £2m **Creative Scotland Bridging Bursary** to support freelance artists and creative practitioners working in the not-for-profit sector in Scotland
- A £1.5m **Screen Scotland Bridging Bursary** for Scotland’s film and TV freelance and self-employed workers.

**Bridging Bursaries**

Available to those most deeply impacted and disadvantaged by Covid-19 related closures and cancellations, these one-off grants of between £500 and £2,500 aimed to support and prioritise those most in need, particularly those who were least likely to benefit from the [Job Retention Scheme](https://www.gov.uk/government/collections/job-retention-scheme) and [Self Employment Income Support scheme](https://www.gov.uk/government/collections/job-retention-scheme).

We created a quick, simple online process for requests and both funds were live for applications on Monday 30 March.

The volume of applications for the **Creative Scotland Bridging Bursary** was such that we took the decision to pause applications to the fund on Thursday 2 April. This allowed us to take stock of all of the requests to that date and ensure that funding remained for those who required extra time to make their application, or for those were unable to make an application that week due to illness.

On Wednesday 20 May we released [data and information](https://www.creativescotland.com/coronavirus) relating to the Creative Scotland Bridging Bursary requests between 30 March and 2 April. The information highlights that:
- 865 people (81% of those requesting support) received bursaries of between £500-£2,500
- £1,552,081 was awarded, comprising a combination of funding from The National Lottery and re-purposed Grant in Aid (from the Scottish Government)
- Decisions were made purely on eligibility as this was not a competitive process
- Funds have been made to people in every local authority area in Scotland
- All awards from this first round have been received by those requesting support.

After we paused the first round of the fund, we secured additional funding from the Scottish Government and the Freelands Foundation (£1m each) and opened the fund for a second round of applications between Monday 20 April and Friday 25 April. Data from phase two of the Creative Scotland Bridging Bursary will be made available in June.

The **Screen Scotland Bridging Bursary** ran from 30 March through to 20 May. We are still working our way through all the applications however I can share that we have received a total of 814 applications to the value of £1.7m. The final data will be
publicly available however, as at 28 May, 616 applicants had already been approved and were being supported.

All award recipients of our funding are listed on our web presence one month in arrears and this will also be the case with recipients of the above funds.

A repurposed Open Project Fund

When Covid-19 restrictions first were put in place, we had a number of existing applications to our Open Project Fund which were due for panel consideration and decision. We communicated individually with applicants to make them aware that we would need to take Scottish Government advice and guidelines around Covid-19 into account as part of the assessment of the financial and operational risks, and invited them to consider or amend their approach before we made our funding decisions.

In parallel, we re-purposed and re-launched an updated version of the Open Project Fund, also on 27 March. Re-titled Open Fund: Sustaining Creative Development, it provides support for individuals and organisations to sustain their creative development in a Covid-19 context. There is an application strand for individuals, separate from organisations, to ensure there is no direct competition.

This fund will run throughout 2020/21 and we have allocated £7.5m National Lottery funding to support it. The programme will fund up to 12 months of activity with a maximum award of £50,000 and we intend to review and adapt the fund to respond to changes in the Covid-19 restrictions. As at 25 May, 176 individuals and 86 organisations have applied to the fund. Initial decisions are currently being made and will be communicated in June.

Digital Pivot Programme

We have also been tailoring wherever possible our support, advice and guidance in response to feedback from the sector. One example is the introduction of a Digital Pivot Programme which is supporting artists and creative organisations to move their work online whilst remaining true to the mission of the organisation and recognising this is no long-term permanent replacement for the live arts experience.

Screen Scotland Funding

Screen Scotland has also continued to support the Scottish screen sector adapt during the Covid-19 pandemic. In addition to the Screen Scotland Bridging Bursary programme, we also launched a Broadcast: Single Project Development Funding Route and a Film: Single Project Development Funding Route.

The Single Project Development funding routes provides £1million of ring-fenced funding for Scotland’s independent film and television production companies, supporting them to develop creative and ambitious projects across film and television in scripted and unscripted genres, for live-action and animation over the coming three-six months.

The aim of these funds is to provide a fresh focus for development activity and help producers and production companies focus their energies and plans for future production.
Screen Scotland has also continued to invest in the development of the Scottish television sector through its slate awards under the Broadcast Content Fund. Strategic Partnership funding has secured new development opportunities with both the BBC and commercial broadcasters.

**Supporting Scottish Government Funding for the self-employed and SMEs**

Following the [announcement](#) by Cabinet Secretary Fiona Hyslop on 21 April of funds to support the self-employed and SMEs, we have worked hard to ensure that those who are eligible in the creative sector can access the new funding as far as possible.

Of the three separate funds made available, one was managed by Local Authorities to support those newly self-employed, while the other two were supported and delivered by a partnership of the three enterprise agencies with support from Visit Scotland and Creative Scotland.

Since 27 April, Creative Scotland has supported the rollout of both the Pivotal Enterprise Resilience Fund and the Creative, Tourism and Hospitality Hardship Fund.

For the former, Creative Scotland has been able to provide advice and input based on the experience of operating the Bridging Bursaries programme, while on the latter Creative Scotland has been working to support the assessment process of the submissions to the Hardship Fund by applying detailed sectoral knowledge.

The three enterprise agencies, with Visit Scotland and Creative Scotland, have worked closely together to quickly bring £150m of support to SMEs across Scotland.

**Planning for 2020/21**

We are aware this has, and will be, a year like no other. There are many unknowns and there is an evident need to take a flexible and iterative approach to strategy and planning. We will update the Committee shortly on our priorities for this year including our approach to our Strategy Refresh and future Funding Framework. There is a recognition that the impact of Covid-19 needs to be taken into account in our plans.

We are also cognisant of the potential impact on income from the National Lottery to good causes across the UK. The National Lottery forms approximately one third of our income and given the wider uncertainties of the current context, we are being prudent in our planning assumptions.

**Covid-19 Overview of Impact**

You had mentioned in your letter that the Committee would welcome Creative Scotland’s assessment of the particular challenges that this crisis poses to people and organisations in the arts, screen and creative industries in the short term and beyond the immediate consequences of the lockdown.

Creative Scotland is collating information on an ongoing basis, gathering information from funded organisations and drawing on consultation and research undertaken by sector partners.

Please accept the following as an initial contribution to the Committee’s wider inquiry into the impact of Covid-19. We would not wish to unnecessarily repeat content from submissions that have already been made by sector bodies and others to the
Committee, so the following offers a perspective derived from the current Creative Scotland and Screen Scotland understanding. We will continue to update you as the context changes.

General

Given the speed and scale of change we are currently experiencing, it is not possible to predict outcomes with absolute certainty. A more detailed analysis is currently being compiled however the following provides an indication of the impact and need known to date.

The immediate impact is now widely evident and includes:

- A significant loss of income for individual artists and creative practitioners causing immediate financial hardship, loss of employment opportunities and impacting on their emotional wellbeing
- Significant short-term operational implications for organisations which have limited or completely stopped activity
- Long term implications for the future of organisations, the livelihoods of individuals who work with them and resultant impact on the audiences and broader communities they serve
- The closure of venues and the postponement or cancellation of activity, including television and film production and major cultural events
- An instant and often extensive loss of income for people and businesses across the arts, screen and creative industries.

While the funding measures mentioned earlier will be supportive, the scale of the impact now and in the coming months questions the sustainability of many creative businesses. This includes many charities which rely on significant levels of earned income through, for example, ticket sales.

With uncertainty on when social-distancing measures will be fully eased and whether restrictions may be reintroduced; the length of time that remedial Government measures will be retained; and the extent to which the public will be willing to congregate in venues and public spaces, the context is extremely challenging. Without additional support, many people and organisations working in the creative sector will no longer be able to continue. This will have a profound effect on cultural and tourism activity, the economy, employment, and more broadly, the life and wellbeing of people across Scotland.

Impact on Creative Scotland funded organisations

Many organisations we are in contact with indicate they are facing temporary (or potentially permanent) closure of facilities and the cancellation or postponement of events, festivals and tours. Where activity is still scheduled to take place later in the year, changes to formats are likely. We understand public funders are honouring current funding agreements and it is hoped that committed sources of income from other funders, trusts, foundations and donors and sponsors will be maintained at projected levels.

The mixed funding model operated by cultural organisations nevertheless relies heavily on earned income, including ticket revenue, venue services such as cafes or shops, and fees paid for education and outreach activities. While it has been possible for a number of organisations to present some activity online, this is typically free to access, whilst costing to deliver.
A significant number of organisations at risk include established venues, production facilities and event organisers. These have long formed part of civic life, providing much of the infrastructure for artists and creative practitioners and the core cultural programming available within their respective localities.

We are seeing similar impacts from the loss of project income to organisations in regular receipt of our project funding.

**Impact on creative sectors**

The Office of National Statistics has reported that over 80% of the Arts, Entertainment and Recreation sector has reported temporary closure or a pause in trading. This is the largest percentage of all sectors of the economy.

For the first time in over 70 years, the five August Edinburgh festivals will not take place. Together, these festivals comprise over 5,000 events across Scotland’s capital each summer, welcoming audiences of 4.4 million and over 25,000 artists, writers and performers from 70 countries. The most recent economic impact assessment of the festivals measured economic impact at £280m in Edinburgh and £313m in Scotland.

**Impact on individuals working as freelancers**

These concerns are common to applicants to Creative Scotland’s Bridging Bursaries, who report facing a number of significant challenges, primarily:

- a sudden and unexpected cancellation of their work
- the closure of venues they perform in
- the closing of buildings where they normally use facilities
- the cessation of ability to travel and tour
- the cancellation and/or postponement of festivals
- an inability to continue teaching
- the absence of new commissions.

Key concerns articulated through the Bridging Bursaries feedback include:

- Immediate concerns for those applying are maintenance of rent/mortgage payments, paying bills as well as looking after children and family members.
- In many cases, income comes entirely or mostly from freelance work. In cases where freelancers make up part of their income with other work, this has often also ceased - many applicants document teaching or retail and hospitality work as secondary income. Furthermore, freelance work can be on short or temporary contracts resulting in the loss of multiple sources of income at once.
- Loss of income from cancellation or postponement of work can also be compounded for freelancers from inability to earn income from merchandise from live events or touring.
- 24% of applicants have also applied for other sources of Covid-19 related financial support. In some cases, applicants have noted that their immediate income needs and/or loss of income is greater than the £2,500 maximum threshold of the Bridging Bursary.
- 47% of applicants are ineligible for self-employment income support. In many cases, the reason cited is that self-employed income is not as much as 50% of income, are not currently registered as self-employed, or have not been self-employed for a long enough period.
- The difficulties faced by self-employed artists and freelancers were further stressed via the Creative Scotland enquiries service. There is a perception that self-
employed freelancers are being penalised as a result of the type of work balance they have, as they may not qualify for Government support.

- In the screen sector, although project development can be continued during lockdown, some writers and producers have raised the issue of lack of income for other freelance work, and therefore appreciate the introduction of the bridging bursaries. A number of projects are dependent on the resilience of production companies in the short-medium term.

**Film and Television Production**

Film and television production in Scotland has all but ceased since the start of lockdown. Across the UK it is estimated that at least £1billion of production work is on hold across the film and television sector.

Broadcasters have continued to produce news and related current affairs programmes and some reactive/lockdown-compliant programmes or series have been commissioned by both the BBC and C4 from independent producers based in Scotland but the overwhelming majority of projects that were scheduled to have been filmed during the period March to September 2020 have been postponed. All location shoots for incoming productions overseen by our Screen Commission have been delayed until further notice, with the majority planning for a production restart no sooner than September 2020.

As a result of the suspension of production, the majority of film and TV production personnel have been furloughed or released.

The prospects for recovery of production activity across film and television are good but there are factors that need to be resolved, specifically health and safety protocols and insurance provision for productions.

Screen Scotland has participated in the BFI coordinated Screen Sector Taskforce (the SSTF) alongside the British Film Commission, PACT, the UK broadcasters, the relevant unions and trade organisations. The SSTF is focused on these factors:

- Implementation of new health and safety guidelines/production protocols
- Insurance cover for productions, given no new cover will include COVID-19
- Examination of fiscal incentives to build recovery and support sustainability.

Screen Scotland worked with the Scottish production community to coordinate sector feedback from Scotland on the draft health and safety protocols developed by the SSTF (for film and “High End TV”) and broadcasters (for the majority of television production across the UK). The Scottish Government has been kept informed across these parallel processes.

ITV, BBC, Sky, Channel 4, Channel 5, STV, ITN, the Association for Commercial Broadcasters and On-Demand Services (COBA), and Pact have joined forces to introduce new industry wide guidelines for producing television safely in the weeks

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1 Projects commissioned and produced by Scotland based producers during lockdown include Glasgow indie Red Sky’s *Socially Distant with Susan Calman* and Raise the Roof’s *Kirstie: Keep Crafting and Carry On.*
and months ahead. The guidelines are intended to provide a return to production protocols for the television industry.

This guidance covers the broad range and scale of all TV programme making in every genre and is complementary to the forthcoming British Film Commission guidance on managing the risks associated with film and high-end TV drama production. These were published earlier this month.

While these new protocols are essential, it is estimated that they could add to production costs across film and television. With the margins on production for much of television already small, this may impact the viability of some forms of production.

The impact of the collapse in the UK economy on the television advertising market and, in turn, commissioning budgets of the UK’s commercial public sector broadcasters (detailed below) will, combined with the sector wide impact of Covid-19, impact on sector growth in 2020 and 2021.

**Film and Television Development**

Development activity is impacted by the loss of revenue from production and the loss of staff to furlough. That said, it remains viable and is what most Scotland based producers are focused on.

Production companies across Scotland’s screen sector have refocused their efforts onto the development of new projects in preparation for the easing of restrictions on work/movement and the restart in commissioning by the UK’s broadcasters. This means they are actively devising and developing new ideas, engaging with potential commissioners (television) or investors/buyers (film), scheduling and budgeting within the limits of available knowledge around the easing of restrictions.

Development of new ideas is ongoing and an essential precursor to the overall recovery of the screen production sector. There is evidence of market failure as both commissioning broadcasters and distributors/commercial funding sources move to protect their own capital reserves. The commercial PSBs (ITV/STV, C5 and particularly Channel 4) have indicated they do not currently have the resources to fund development for TV at pre Covid-19 levels.

**Broadcasting**

The impact on broadcasters has been considerable, with the loss of scheduled events that populate the schedule in normal times and revenue both impacting the BBC and commercial PSBs.

The BBC continues to face significant financial pressures as a result of the combination of the collapse in the economy, the Corporation’s decision to delay the reintroduction of License Fee charges for the over 75s, and the UK Government’s debate around decriminalization of non-payment of the License Fee. This has led to speculation about the reduction or closing of some services, with BBC Four currently the subject of industry concern. BBC Four is a particularly valuable source of commissions for independent producers based in the UK’s nations.
Broadcasters will be dependent on:
• continued supply of programming that engages audiences, a particular challenge for the terrestrial broadcasters given the increased penetration of VOD/SVOD suppliers (Disney+ and Netflix in particular but also Sky/Now and Virgin)
• improvement in the economy broadly and in advertising spend for television; and
• most significantly for the Scottish production sector, stability in the BBC’s finances. The BBC’s centrality to the strength and resilience of the production ecology across the UK has been reinforced by the impact of Covid-19.

Screen Scotland’s continued support for development has been widely welcomed by the broadcast sector, which requires a continuous supply of new programme ideas but currently does not have the resources they would normally have to invest in development.

Cinema and Exhibition

Since lockdown, all cinemas in the UK have closed. All film festival activity has also ceased or moved online (where monetization potential is greatly restricted for festivals which rely on audiences buying tickets or passes). In line with BFI’s Research and Statistics Unit figures and comScore data, Screen Scotland’s Knowledge and Research team have estimated Scottish cinemas are losing over £250,000 (in aggregate) of box office revenue per day.

Screen Scotland has honored all of its grants to the cultural exhibition sector (cinemas and film festivals).

As with the production sector the reopening of the cinemas/exhibition sector in Scotland is initially dependent on two factors:
• Implementation of new health and safety guidelines/protocols; and
• Insurance cover, given no new cover will include Covid-19.

Screen Scotland is working within the BFI coordinated Screen Sector Task Force to:
• Track public sentiment around cinema-going, by demographics
• Develop a ‘back to cinema’ marketing and promotion campaign
• Draw up a safeguarding protocol for the reopening of cinemas in general but cultural cinemas in particular. A draft of this protocol entitled “Back to Cinema” was provided to the Scottish Government on 8th May.

As with film and television production the sector anticipates new safe-guarding measures will add significantly to cinema operating costs. This increase in costs for cinemas will occur alongside an anticipated 70-80% cut to income. Viability of the exhibition cultural cinema sector, which is reliant to a greater degree than commercial cinemas on older patrons, will require public sector support that extends beyond the end of lockdown and restrictions on social contact in general. The sector will also rely on furloughing to maintain its workforce beyond the easing of these restrictions.

In summary

Creative Scotland has an important and distinct role to play as part of a broader ecology of support and we will continue to work with all partners to help stabilise the current situation.

While the measures we’ve already undertaken are helping to respond to the initial impact of this crisis, we recognise that they are limited when compared to the
significant challenges being faced by our arts, screen and creative industries sectors and we are doing everything we can to secure further resources.

However, it is clear that it may not be possible to meet everyone’s needs and some innovative and radical thinking will be required with partners and the sector to adapt to a new future.

The publication by the Scottish Government of a National Culture Strategy just prior to lockdown was a significant step in recognising the significant cultural, social and economic contribution of the sector. I believe this is amplified even more in this current context where culture and creativity have never been more important to the wellbeing and prosperity of the country and must play a vital part in the process of recovery and renewal for everyone in Scotland.

I will continue to keep the Committee updated on progress.

Your sincerely

Iain Munro
Chief Executive