



The Scottish Parliament  
Pàrlamaid na h-Alba

**CULTURE, TOURISM, EUROPE AND EXTERNAL AFFAIRS COMMITTEE**

**AGENDA**

**13th Meeting, 2019 (Session 5)**

**Thursday 2 May 2019**

The Committee will meet at 9.00 am in the Robert Burns Room (CR1).

1. **Census (Amendment)(Scotland) Bill:** The Committee will consider the Bill at Stage 2.
2. **Creative Scotland:** The Committee will take evidence from—  
  
Iain Munro, Acting Chief Executive, Creative Scotland;  
  
Isabel Davis, Executive Director, Screen Scotland.
3. **Consideration of evidence heard (in private):** The Committee will consider evidence heard earlier in the meeting.
4. **Work programme (in private):** The Committee will consider its work programme.

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Clerk to the Culture, Tourism, Europe and External Affairs Committee  
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The papers for this meeting are as follows—

**Agenda Item 2**

Note by the Clerk

CTEEA/S5/19/13/1

PRIVATE PAPER

CTEEA/S5/19/13/2  
(P)

**Agenda Item 4**

PRIVATE PAPER

CTEEA/S5/19/13/3  
(P)

**Culture, Tourism, Europe and External Affairs Committee**

**13<sup>th</sup> Meeting, 2019 (Session 5) Thursday 2 May 2019**

**Creative Scotland**

**Note by the Clerk**

**Purpose**

At this meeting, the Committee will take evidence from Creative Scotland's Acting Chief Executive, Iain Munro, and Executive Director, Isabel Davis. The purpose of the session will be to receive an update on a number of commitments and work being undertaken by Creative Scotland, including a review of how it funds and policy delivery by Screen Scotland.

**Background**

The Committee undertook two inquiries last year that were relevant to Creative Scotland's remit. The first was an inquiry into the Scottish Screen Sector, which the Committee reported on in June 2018. The second was an inquiry into Creative Scotland's handling of the Regular Funding 2018-21 process. The Committee wrote to Creative Scotland with its recommendations and conclusions about Regular Funding 2018-21 in June 2018.

The Committee has continued to track Creative Scotland's progress against the commitments it made in response to these two inquiries since reporting on them. The Committee last took evidence from Creative Scotland on these matters on 1 November 2018.

**Written submissions and reports**

Creative Scotland has provided the Committee with two written submissions for the purpose of this evidence session. The first relates to the reviews currently underway by Creative Scotland (see **Annexe A**) and the second relates to Screen Scotland (see **Annexe B**).

The Committee launched an inquiry into arts funding in March 2019. The call for evidence closed on 12 April 2019. Creative Scotland's response to the call for evidence is provided in **Annexe C**.

When Creative Scotland last gave evidence to the Committee on 1 November, it undertook to provide the Committee with a copy of the evaluation report of the 2018-21 Regular Funding Process, which it commissioned from Wavehill Consultants. A copy of the summary and recommendations from the Wavehill Report is provided in **Annexe D**. The full report is available [here](#).

**CTEEA Clerks**

## CTEEA Committee evidence session: 02.05.19 Update on key topics from Creative Scotland

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### Introduction

This written submission provides the Culture Tourism Europe and External Affairs Committee (CTEEA) with an update on the organisation's progress, in particular on its Strategic, Funding and Organisational Reviews.

A fuller update on the progress of Screen Scotland as part of Creative Scotland is contained under separate cover.

This is ahead of the evidence session on 2 May 2019 at the Scottish Parliament, where our Acting Chief Executive and our Screen Scotland Executive Director will be able to expand on these topics, and any others, as required by the Committee.

This submission contains updated information on:

1. An overview of recent progress and activity
  2. Strategy Update and Funding Review
  3. Organisational Development
  4. Local Authority engagement
- 

### 1. An overview of recent progress and activity

Creative Scotland has continued to support the development of the arts, screen and creative industries across all parts of Scotland on behalf of everyone who lives, works or visits here.

We continue to work to a 10-year plan "Unlocking Potential, Embracing Ambition", which articulates our key contributions:

- **Funding** support for individuals and organisations working in the arts, screen and creative industries.
- **Advocacy** on behalf of these sectors, both nationally and internationally.
- **Development** support for these sectors so that they can continue to grow and thrive.
- **Influencing** others to understand the value that the arts, screen and creative industries deliver.

As outlined in previous submissions to the Committee, five years into the plan, there is a need to clearly describe our strategic priorities in the context of the National Performance Framework, the future publication of the Scottish Government's National Culture Strategy and ever-increasing pressures on resources. Later in this submission we have outlined progress to date.

Our role as a development organisation includes providing support beyond

funding and we have continued to help develop the arts, screen and creative industries and advocate on their behalf.

For example, we have helped showcase Scottish talent, and have provided networking opportunities which support growth, by participating in a substantial events programme. This includes involvement and promotion of local, national and international festivals and events which this year includes the Cannes Film Festival, Jazzahead in Bremen, the Edinburgh International Film Festival, the Glasgow Film Festival, Look Again Festival for visual arts in Aberdeen, The Great Escape in Brighton showcasing Scotland's new and emerging music, Celtic Connections, the Edinburgh Art Festival and the Scotland+Venice International Art Festival, to name but a few.

In addition, we provide a different form of support for creative work by hosting, managing and promoting an Opportunities website which currently hosts over 1,000 opportunities for creative people, reaching over 26,000 users of the service on a weekly basis.

We also advocate and promote the creative activity of individuals and organisations through our social media platforms (which includes a Twitter following of over 88,000 followers) and continue to run a #creativitymatters campaign which demonstrates the cultural, social and economic benefits of creativity.

We continue to explore strategic approaches to developing arts and creative provision across other policy sectors such as education, justice and health. For example, in order to ensure that young people have access to the best possible creative learning experiences and opportunities, we work in partnership with Education Scotland to support local authorities across Scotland to develop Creative Learning Networks.

Funding remains a crucial part of our development work and we offer [three funding routes](#): **Regular Funding** for up to three years for organisations; **Open Project Funding** for individuals and organisations for programmes of work for up to two years; and **Targeted Funding** to support specific sectors, projects and initiatives (including film & TV production).

We work with, and support, the network of 121 Regularly Funded Organisations that make a vital contribution to the current health and future development of the arts, screen and creative industries in Scotland. This has included £101.6m Grant in Aid funding across three years from the 2018 - 21 round of Regular Funding.

We have also continued to support creative activity by individuals and organisations through our Open Project Funding (supported by The National Lottery). This includes creative work across crafts, dance, design, digital, film and screen, literature and publishing, multi-art form, music, theatre and the visual arts. In total in 2018/19 we received 1,177 applications requesting £23.7m and were able to award £10.65m to 493 applicants. Of these, 201 awards (41%) were made to individual artists and practitioners and 292 (59%) to organisations, which in turn support many hundreds of artists through their projects.

To support greater understanding of our funding support, we have created a 'data dashboard' for Open Project Funding which illustrates the number of applications, awards made, by sector and by value for the past three financial years. This information is available on our website (<https://www.creativescotland.com/openprojectfunding>). This is in addition to the grants listings, media releases, social media and digital communications we currently undertake in communicating about these awards.

Many more opportunities for creativity are also being supported through Targeted Funding which supports activities help support a specific art form or type of work, or to help meet a strategic need or gap. Some examples of our Targeted Funds include:

- The **Youth Music Initiative**, which is an annual funding programme from the Scottish Government to support music-making activity for young people
- The **Made in Scotland Fund**, which can support costs for Scottish theatre, dance and music projects which are planning to perform as part of the Edinburgh Fringe Festival.
- The **Create:Inclusion Fund** which seeks to increase the diversity of people in the arts, screen and creative industries.
- The **Screen Funds**, which support filmmakers and producers to develop and produce films, documentaries and other screen projects.
- **Creative Industries Funds** which include work aimed at growing an infrastructure for sustainable creative businesses, including our innovative crowdfunding scheme and music industry partnership work with PRSF and Spotify.

At the same time, we have been supporting the development of Screen Scotland and its programme of activity.

Since its launch in August 2018, Screen Scotland has been working hard to lead the growth of the sector through increased funding and support for film and television production, an increase in specialist staff and investment in skills, festivals, audiences and education.

Since August, we have seen a period of very intense work and transformation for Screen Scotland as the partnership, now under the leadership of Isabel Davis, is nurtured and developed.

Recent key milestones include

- The completion of the Screen Scotland Business Plan 2019/20 which concludes a comprehensive process involving the Screen Scotland team and partners to build on the Collaborative Proposal 2017 and make it our own by joining up existing delivery and the new remit. This will be published by end of April 2019.
- The Broadcast Content Fund, which attracted 31 applications from across the TV sector in a variety of genres and has invested a budget of £3m in its first financial year. The first successful applicants were announced in April 2019

<https://www.screen.scot/news/2019/03/independent-scottish-production-companies-receive-boost-for-new-tv-content>.

- The Partnership Agreement between Screen Scotland and the BBC was signed on the occasion of the launch of the new Scotland Channel on 24 February 2019. The [announcement](#) was warmly received.
- Following the published tender process, we are currently in advanced negotiations with a preferred bidder for the Studio in Bath Road, Leith. Subject to finalising the necessary legal detail and Scottish Government approval, the operator will be announced as soon as possible, with the intention still to have the studio operational by the end of the year.

We also now have a range of screen funds available, including:

- **Broadcast Content Fund:** offering development and production funding for broadcast projects by eligible Scottish production companies.
- **Cinema Equipment Fund:** increasing access to cinema and encouraging resilience for film exhibitors based in Scotland.
- **Film Development and Production Fund:** offering development and production funding for screen projects by filmmakers based in Scotland.
- **Film Education Partnership Fund:** increasing access to film education provision in communities across Scotland.
- **Film Festivals Fund:** increasing access to film in communities across Scotland and encouraging film festivals to grow.
- **Distribution and Exhibition Fund:** to support the wider distribution of Scottish films.
- **Market and Festival Attendance Fund:** to help screenwriters, directors and producers based in Scotland to attend key film markets and festivals.
- **Production Growth Fund:** offering funding to help grow Scotland's screen production sector.
- **Professional Development Fund:** to help screen professionals further their skills in their chosen field.

We have a range of support available including a Screen Commission (we offer a fast, free and fully-confidential locations service to help incoming productions make the most of what Scotland has to offer), business support and links to other funding and support.

A more detailed report is contained under separate cover for the Committee.

## 2. Strategy Update and Funding Review

We have previously communicated to the Committee that it is now timely to update our 10-year plan, which was first published in 2014. To help inform this, and our Funding Review, we have been working through a five-stage approach:

Phase 1: Research (November 2018 – April 2019)

This has included:

- Commissioning a comprehensive analysis of other models of funding and investment in culture and creativity used by similar cultural agencies across the world. The report also investigates financing models used by enterprise development agencies and in social enterprise investments.
- Conducting a statistical review of Creative Scotland’s historical funding and a review of previous consultations undertaken with the arts sector, including Creative Scotland’s artform sector reviews and Culture Strategy consultations

This work will be published on the Creative Scotland website shortly to inform those participating in internal and external conversations which form Phase 2.

This complements the evidence submitted to the Committee last year and the publication of the Wavehill evaluation of the 2018-21 RFO process, and feedback from RFO’s gathered through the Annual Reports returned in 2018/19.

Phase 2: Internal and public conversations (May – July 2019)

We are now moving into Phase 2 of our approach: Internal and Public Conversations. We have started discussions across the organisation, through internal events, online, and team discussions, for options on new approaches based on this research and our own sector knowledge and expertise. (This complements the work being done through the Organisational Development process – see Section 3).

We have also engaged with sector development organisations and are finalising plans for public conversations, including events around Scotland, from May. We will also hold discussions online for those who cannot take part in person to engage in a wider public conversation. Venues and dates will shortly be published, and we will be promoting those through our networks and online.

In addition, we are planning further bespoke conversations with sector development groups and will be using existing events and activity to promote external engagement in the conversation about our future funding approach.

Phase 3: Refine and Design new funding approaches (Summer 2019)

Phase 4: Testing (Autumn 2019)

Phase 5: Conclude and publish (Winter 2019)

Following on from the internal and external conversations, we will develop and test potential new funding models during the Summer and Autumn this year.

At that point we will also be able to give more definitive timelines on the implementation of new funding models (as these depend on the solutions informed and created with the sector).



Alongside this longer-term approach there will be consideration of the immediate need for revenue funding for creative organisations that will take effect from 01 April 2021 when current RFO arrangements will finish. We appreciate that there will be a need to discuss and communicate on plans for the next round of Regular Funding and we will do so as soon as we are able.

### **3. Organisational Development**

Since we last gave evidence to the Committee, we have been working hard in progressing our organisational review, looking at culture, working practices, values, structure and operations.

All staff and the board have been involved in some way and work is progressing across seven themes for change: our approach to funding, our strategic focus, systems and processes which make it easier for applicants, improving how we connect externally, learning opportunities for staff, leadership, and removing any siloed ways of working.

This work has also involved external organisations which have undergone significant change and have shared their experience with Creative Scotland staff.

The next stage of this work will involve engaging external sector stakeholders to help us continue to shape this work. This is in keeping with our intention to build on our existing relationships and make a culture shift in how we work with stakeholders, engaging on a peer-to-peer basis and through working more openly on a constant basis.

To ensure the process leads to appropriate and effective action within agreed timescales, the Board set up a sub-Committee with a small dedicated project team of staff who are empowered to co-ordinate and drive the planning and delivery of the overall programme, working with a specialist external resource.

Following an open tender process, [Open Change](#), a Dundee based company, have been working with us and we have recently agreed to continue their support until the end of September this year to help embed the progress that has been made to date and ensure sustained change for the longer term.

### **4. Local Authority Engagement**

In response to the pressures in Scotland's 32 local authorities which play a central role in local cultural provision and support for creative businesses, we are currently planning to undertake an additional programme of activity this year.

We have seen a decrease in net revenue expenditure on non-statutory services, including arts and culture. Maintaining provision year on year with standstill or reducing budgets, whilst inflation rises, is placing increased pressures on both individuals and organisations at a local level and their ability to deliver their work. In turn this is leading to a significant reduction in the cultural offer for the people of Scotland.

The work we will be undertaking will explore potential models of collaboration between local authorities and Creative Scotland which can better support the sustainability of organisations and institutions that provide artists with the opportunities necessary to grow their careers.

In the first instance, we will research the current position of arts and culture within local authorities and Arm's Length External Organisations (ALEOs) to ensure we understand the challenges and opportunities that exist, then explore options for better collaboration.

At the same time, we will also be hosting related discussions with local partners. The first of which will be around the findings and recommendations from the recently published Cultural Cities Enquiry<sup>(1)</sup> which highlighted how strategic investment in culture can drive inclusive growth in cities, as well as building a network of local creative business support to ensure enterprise activity in the creative industries is joined up across all areas of the public sector.

## **5. Evidence Session on 2 May**

We look forward to being able to discuss these, and any additional areas of interest, at the evidence session on 2 May where Acting Chief Executive of Creative Scotland, Iain Munro, and Screen Scotland Executive Director, Isabel Davis, will be in attendance.

**ENDS**

### **Contact:**

Ken Miller, Interim Director of Communications

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<sup>1</sup> <https://www.corecities.com/cultural-cities-enquiry/news/core-cities-uk-helps-launch-ground-breaking-report-future-culture>

## CTEEA Committee evidence session: 02.05.19 Update on Screen Scotland progress

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### Introduction

This written submission provides the Culture Tourism Europe and External Affairs Committee (CTEEA) with an update on Screen Scotland progress

An update on the progress of Creative Scotland is contained under separate cover.

This is ahead of the evidence session on 2 May 2019 at the Scottish Parliament, where the Creative Scotland Acting Chief Executive and Screen Scotland Executive Director will be able to expand on these topics, and any others, as required by the Committee.

This submission contains updated information on:

5. Key milestones and current priorities
  6. Progress to date
  7. Recent successes of the screen sector in Scotland
- 

### 1. Key milestones and current priorities

The last seven months have been a period of very intense work and transformation for Screen Scotland as the partnership, now under the leadership of Isabel Davis, is nurtured and developed.

Key milestones in this period include:

- The **Screen Scotland Business Plan** 2019/20 which concludes a comprehensive process involving the Screen Scotland team and partners to build on the Collaborative Proposal 2017 and make it our own by joining up existing delivery and the new remit. This will be published by the end of April.
- The **Broadcast Content Fund** was launched in August 2018 and attracted 31 applications from across the TV sector in a variety of genres. The £3M budget for its first financial year was allocated to six independent production companies in April 2019.  
<https://www.screen.scot/news/2019/03/independent-scottish-production-companies-receive-boost-for-new-tv-content>.

- The **Partnership Agreement between Screen Scotland and the BBC** was signed on the occasion of the launch of the new BBC Scotland Channel on 24 February 2019. The [announcement](#) was warmly received.
- Following the [published tender process](#), we are currently in advanced negotiations with a preferred bidder for **the Studio** in Bath Road, Leith. Subject to finalising the necessary legal detail and Scottish Government approval, the operator will be announced as soon as possible, with the intention still to have the studio operational by the end of the year.

Looking ahead, our key priorities include:

- The Studio
- Partnership building
- Business development – creating a single front door
- Skills and talent strategy
- Equality, diversity and inclusion

Our Executive Director, Isabel Davis can expand on these priorities as required at the Committee meeting on the 2 May.

## 2. Progress to date

### i. Strategy development and Screen Scotland Business Plan 2019/20

Over recent months, an extensive amount of work has been carried out to develop a comprehensive Business Plan which will capture the whole of Screen Scotland activity, including the new ambitions articulated in the Collaborative Proposal 2017 and reflecting the partnership set up.

Your report **Making Scotland a Screen Leader** made a number of recommendations around areas of focus for strategic development, which have been taken into account in the plan.

The Business Plan sets out eight clear objectives for Screen Scotland, each with a corresponding target and a Key Performance Indicator (KPI).

The Business Plan will be published by the end of April.

ii. Governance

The Screen Committee meets regularly and is a valuable forum where the partnership is being shaped and strengthened. The Screen Committee's members include senior representatives of the five partner agencies comprising Screen Scotland (Creative Scotland, Scottish Enterprise, Scottish Funding Council, Skills Development Scotland and Highlands and Islands Enterprise), along with industry representatives and the three screen practitioners on the Creative Scotland board.

The Screen Sector Leadership Group (SSLG) met for the last time in November 2018 and is currently being re-constituted as a fleet of foot, agile industry advisory group, a key source of intelligence and advice to support the Executive Director in the delivery of Screen Scotland.

iii. The team

The Screen Scotland team has doubled in size, (<https://www.screen.scot/about/meet-the-team>) providing additional capacity and a strengthened team of knowledgeable, experienced, and committed screen professionals. This includes the new areas of expertise, for example research and data.

We are also currently going through recruitment processes for a Director of Screen, Skills Officer and Business Development specialists.

iv. Funds for film and TV

Screen Scotland now offers a range of funds that support critical parts of the screen sector value chain, including:

The new £3m [Broadcast Content Fund](#), which has met with strong industry demand, spending its full budget for the financial year 2018/19 (even though it was launched in August 2018). The supported projects represent a variety of genres, including TV factual formats, which is the genre that needs to develop in Scotland if we are to achieve the growth needed. There is also a good balance between applications for development funding, including several slates, and production.

<https://www.screen.scot/news/2019/03/independent-scottish-production-companies-receive-boost-for-new-tv-content>

The £2.3m investment through the [Production Growth Fund](#) has attracted companies not only to film in Scotland but to increase the spend on Scotland based crew, above the line talent and facilities.

The [£1.6 Cinema Equipment Fund](#) has been designed to create a transformation in audience experience for film across Scotland. Whilst the Collaborative Proposal did not focus on audiences, it has been recognised that developing audiences across Scotland has enormous economic, social and cultural value and that supporting the 'demand' end of the screen value chain is critical to building the success of the sector.

After identifying a clear and urgent need, we decided to make a swift one-off intervention into Scotland's exhibition sector and enable either upgrading of the digital equipment in existing cinemas or furnishing community venues with screening facilities thus increasing provision in the more remote areas where there is currently no access to cinema.

<https://www.screen.scot/news/2019/03/new-fund-for-cinemas-and-film-exhibitors-in-scotland>

With the volume and complexity of our funding streams increasing we are reviewing how we administer the funds in order to streamline processes.

v. Strategic partnerships with content commissioners

On 24 February 2019, to coincide with the launch of the new BBC Scotland channel, Screen Scotland and the BBC signed a Partnership Agreement to "put Scotland's TV industry on the world stage". <https://www.screen.scot/news/2019/02/bbc-and-screen-scotland-join-forces-to-put-scotlands-tv-industry-on-world-stage>.

The initiative, which aims to support Scotland's television industry by supporting world-class drama, cutting-edge comedy and high-end factual content, marks the start of an exciting long-term partnership between the **BBC** and **Screen Scotland**.

The work has already started with executives from the BBC and Screen Scotland working together to come up with developmental initiatives that will deliver on the MOU pledges, for example a training programme for editors.

The next step is to agree a similar partnership agreement with Channel 4 (harnessing the opportunity of the new C4 Creative Hub in Glasgow).

Screen Scotland is also developing relations with streaming platforms such as Netflix, Amazon, Apple, and others. These new players will be having an increasingly important role in the sector growth and producers will be looking for support to Screen Scotland on how to navigate this developing landscape.

vi. Business development support

Consultants, EKOS Ltd have been contracted and started work on a Business Development Support Scoping Study. The report will be reviewed by the Screen Committee in July.

In the meantime, the FOCUS project, which currently has a full [cohort of 20 companies](#) receiving business development support, has been extended to 31 December 2019, providing continuity until outcomes of the Scoping Study can be implemented. This project is backed with funds from Screen Scotland in addition by Scottish Enterprise. A project evaluation of the FOCUS project is due to take place between June and December 2019.

vii. Studio

The news of Screen Scotland backing the development of [a studio in Bath Road, Leith](#) was widely reported and generally well received by the sector. The Screen Commission has received a significant increase in international enquiries as a consequence, supporting the assessment that market conditions will support a studio in Scotland.

We are currently in advanced negotiations with a preferred bidder. Subject to finalising the necessary legal detail and Scottish Government approval, the operator will be announced as soon as possible, with the intention still to have the studio operational by the end of the year.

viii. Towards a skills and talent strategy

The development of a skills strategy is where Screen Scotland's partnership model is of particular relevance. Skills Development Scotland (SDS) led research into skills gaps in Scotland to inform the development of a comprehensive skills and talent strategy. This research is now completed and a skills working group, comprising SDS, Scottish Funding Council, industry practitioners and FE/HE institutions will take the work forward. Screen Scotland has re-opened dialogue with ScreenSkills (the industry-led skills body for

the UK's screen-based creative industries) to ensure they deliver for Scotland under their UK-wide remit.

In the meantime, several skills focused initiatives have been launched to the benefit of the sector, including:

- **Screen NETS apprenticeships** – 6 month long apprenticeship programme offering on-the-job training programme in technical, production and design roles for High-end film and TV drama in Scotland.
- **Outlander traineeships** - a programme offering trainee places across all departments including camera, costume, design, assistant director, art department, effects and production, to approximately twenty trainees per series
- **BECTU Vision** – free courses offering training opportunities to the freelance film and TV workforce based and working in Scotland.
- **PACT Indie Training Fund** - training covers the digital, diversity, legal and business, people skills, production, scripting and technical aspects of TV and film.

A small but much-needed [Professional Development Fund](#) has also been opened (21 February 2019) to help individual screen professionals to further their skills in their chosen field.

Creative Scotland is commissioning a review of its current programmes that support talent development.

#### ix. Data/evaluation

Since the Screen Unit Collaborative Proposal, the centralisation and sharing of knowledge has been identified as a key concern for Scotland's screen industries. This commitment has strengthened since the inception of Screen Scotland in August 2018. We recognise the research outputs of Screen Scotland will need to have an application for multiple stakeholders who work in diverse fields including exhibition, production, and education. With the support of the BFI's Research and Statistics Unit, we have carried out extensive research into the data sources and information available on screen in Scotland. We have also commissioned several bespoke studies to fill industry knowledge gaps. We are now in the process of scoping the potential content, function, form, and audiences for a Screen Data Hub that would be tailored specifically to Scotland, in line with Committee Recommendation 314.



We have entered into discussions to develop a partnership with the Data Driven Innovation (DDI) Programme at the University of Edinburgh, beginning with facilitated events to bring together academic expertise and the screen industry how best to meet the needs of the sector. The DDI initiative is part of the Edinburgh and South East Scotland City Region Deal. Collaboration will allow Screen Scotland to explore how to access cutting-edge expertise within research teams at the University and investigate co-designing a prototype Data Hub with and for the Screen Industry.

x. Equalities, diversity and inclusion (EDI)

Screen Scotland is aiming to introduce the BFI Diversity Standards into its film funding, with the aim of piloting the Standards in two of the funding strands by the end of the summer: the Film Development and Production Fund and Film Festivals Fund. This would be a significant development, and follows on from the [Equalities Matters](#) review published in January 2017, and the establishment of a Screen EDI Working Group in July 2017. Prior to the introduction of the Standards, Screen Scotland will embark on industry consultation and education in order that there is widespread understanding of how the Standards work in the context of Scottish representation.

Alongside the Diversity Standards, discussions have begun with the Screen Commission on how EDI can be factored in to the hiring of trainees on productions taking place in Scotland. The BFI will also be involved in this discussion, as will organisations such as Screen Academy Scotland, who are responsible for the Screen NETS programme.

### **3. Recent successes of the screen sector in Scotland (since November 2018)**

#### ***The Victim* aired on BBC One**

The four-part psychological drama starring Kelly Macdonald and John Hannah aired on BBC One in April. STV Productions received £250,000 Production Growth Funding. It has been confirmed the series will return for series 2, with a different case being examined.

#### ***Beats* completed festival run with rave reviews**

Brian Welsh's coming of age drama received its World Premiere at Rotterdam International Film Festival and its UK premiere at Glasgow Film Festival. The film has received fantastic reviews and will be

released in the UK and Ireland on 17 May. *Beats* received £503,000 of Screen Scotland development and production funding to support Scottish screen writing and directing talents, Kieran Hurley and Brian Welsh. A culturally significant Scottish story set and shot in Glasgow, *Beats* provided a significant opportunity for the creative and professional development of Scottish acting, craft and technical talent, and produced a significant spend in the screen and wider economy in Scotland.

### **Mr Jones**

Agnieszka Holland's *Mr Jones*, starring James Norton and Vanessa Kirby had its world premiere at Berlin in February. The Scottish co-producer, Angus Lamont, accessed £200,000 of Screen Scotland funding to attract this high-profile international project to Scotland. It provided a significant opportunity for Scotland based craft and technical talent, made a significant contribution to the Scottish screen economy, and promotes Scotland as a key destination for large-scale international film production.

### **Two Scottish productions will receive World Premieres at Tribeca International Film Festival (24 April – 5 May 2019):**

a feature film *Run* and feature documentary, *Scheme Birds*. *Run*, produced by Glasgow-based production company Barrycrerar and directed by Scott Graham (*Iona, Shell*). *Scheme Birds* is a co-production between Glasgow-based GID Films, with partners in Sweden, and was produced by Ruth Reid

**Glasgow Film Festival**, 26 February-8 March, included 6 Screen Scotland funded feature films (*Wild Rose; Beats; Yuli; Tell it to the Bees; Only You and The Vanishing*) and 9 feature documentaries (*Aquarela; Of Fish and Foe; Irene's Ghost; Harry Birrell: Films of Love and War; Prophecy; Freedom Fields; Last Breath; Do No Harm and Final Ascent*).

**Cinema Releases:** *The Vanishing* (Gerard Butler, Peter Mullan), *Wild Rose* (Jessie Buckley, Julie Walters), *Yuli* (Carlos Acosta) and feature documentary *Last Breath* all went on cinema release in the UK and Ireland over the last month. All of these films have been met with strong audience and critic reviews, particularly *Wild Rose* and *Yuli*. Jessie Buckley will return to Glasgow later in the year to perform as her character.

**Mary Queen of Scots** received its Scottish premiere in Edinburgh in January with director Josie Rourke, producer Tim Bevan and acting talent including Saoirse Ronan and Jack Lowden in attendance.

**Film and TV productions to have filmed in Scotland in the last year** include *Beats\**, *Clique*, *The Cry\**, *Curfew*, *Hobbs & Shaw*, *LIMBO\**, *Mr Jones\**, *Marionette\**, *Outlander\**, *Pokemon: Detective Pikachu*, *Run\**, *Shetland*, *Then Came You\**, *Trust Me*, *The Victim\**

\*denotes film and TV productions in receipt of Screen Scotland funding.

#### **4. Evidence Session on 2 May**

We look forward to being able to discuss these, and any additional areas of interest, at the evidence session on 2 May where Acting Chief Executive of Creative Scotland, Iain Munro, and Screen Scotland Executive Director, Isabel Davis, will be in attendance.

#### **Contact:**

Ken Miller, Interim Director of Communications

REF NO. CTEEA/S5/19/AF/59

## CULTURE, TOURISM, EUROPE AND EXTERNAL AFFAIRS COMMITTEE

### ARTS FUNDING INQUIRY SUBMISSION FROM CREATIVE SCOTLAND

#### Introduction

This written submission from Creative Scotland provides the Culture Tourism Europe and External Affairs Committee with information to support their inquiry on the future of funding for the arts in Scotland. The submission is structured around the key issues highlighted in the Committee's call for views.

Creative Scotland is the public body that supports the development of the arts, screen and creative industries across all parts of Scotland on behalf of everyone who lives, works or visits here.

As a Non-Departmental Public Body, we work within the parameters of the Scottish Government's Programme for Government, the National Performance Framework and are cognisant of the draft National Cultural Strategy for Scotland.

Creative Scotland is working to a 10-year plan "Unlocking Potential, Embracing Ambition", published in 2014, within which we articulate our key contributions:

- **Funding** support for individuals and organisations working in the arts, screen and creative industries.
- **Advocacy** on behalf of these sectors, both nationally and internationally.
- **Development** support for these sectors so that they can continue to grow and thrive.
- **Influencing** others to understand the value that the arts, screen and creative industries deliver.

We recognise that funding is a crucial factor in an overall approach to development across the arts, screen and creative industries which in turn bring huge cultural, social and economic benefits to Scotland. We are one part of the funding landscape for the arts in Scotland and an overview of that landscape as we understand it is contained in Appendix 1.

We distribute funding from the Scottish Government and The National Lottery.

Creative Scotland's 2018/19 budget was £92m, approximately two thirds from Scottish Government (Grant-in-Aid) and one third from The National Lottery.

We distribute this funding through [three funding routes](#): Regular Funding for up to three years for organisations; Open Project Funding for individuals and organisations for programmes of work for up to two years; and Targeted Funding to support specific sectors, projects and initiatives (including film & TV production).

### **What are the major threats to sustainable funding of the arts in Scotland?**

The increasing pressures on the public purse appear to be impacting across all policy areas at many levels, with more demand for financial support than can be met through public funding under the current arrangements.

For example, in the 2018 round of Creative Scotland's Regular Funding, 184 applications were received requesting £154m across the three years of the programme. In total we were able to award just under £102m to 121 organisations.

In Open Project Funding in 2018/19 we received 1,177 applications requesting £23.7m and were able to award £10.7m to 493 applicants. Of these, 201 awards (41%) were made to individual artists and practitioners and 292 (59%) to organisations, who in turn support many hundreds of artists through their projects.

Similar pressures are at work in Scotland's thirty-two local authorities which play a central role in local cultural provision. Here we have seen a decrease in net revenue expenditure on non-statutory services, including arts and culture. In 2017/18, net revenue expenditure on culture and related services was reported as £561m which represents a decrease of £16m (3%) on 2016-17. In 2018/19, local authorities set a revenue expenditure budget for Culture and Related Services of £548m (4.6% of total local authority budgets). This represents a further decrease of £13m (2%) from the 2017-18 budget.<sup>2</sup>

Maintaining provision year on year with standstill or reducing budgets, whilst inflation rises, is placing increased pressures on both individuals and organisations and their ability to deliver their work. In turn this is leading to a significant reduction in the cultural offer for the people of Scotland.

This context for cultural organisations, individual artists and practitioners also throws into sharp relief any expectation that Creative Scotland, as the national development organisation, will be able to compensate for that in some way, shape or form.

To help find a way forward, we are planning to undertake a programme of activity this year which will explore potential models of collaboration between local authorities and Creative Scotland which can better support the sustainability of organisations and institutions that provide artists with the opportunities necessary to grow their careers.

In the first instance, we will research the current position of arts and culture within local authorities and Arms Length External Organisations (ALEOs) to improve our understanding of the challenges and opportunities that exist, then explore options for future collaboration.

At the same time, we will also be hosting related discussions with local partners, the first of which will be around the findings and recommendations from the recently published Cultural Cities Enquiry<sup>3</sup> which highlighted how strategic investment in culture can drive inclusive growth in cities.

<sup>2</sup> <https://www2.gov.scot/Topics/Statistics/Browse/Local-Government-Finance>

<sup>3</sup> <https://www.corecities.com/cultural-cities-enquiry/news/core-cities-uk-helps-launch-ground-breaking-report-future-culture>

Another significant funding source for the arts, screen and creative industries, The National Lottery, will be 25 years old this November. It continues to play a significant role in helping deliver activity across the whole of Scotland and the UK. To date there has been investment of nearly £40bn across all sectors supporting over half a million projects in the UK. This includes over £3bn in Scotland and just under 64,000 awards. For arts and screen in particular, this has included £432m made through 14,200 grants<sup>4</sup>.

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.

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.

There are concerted efforts being made by all National Lottery Distributors, with the operator Camelot, the Department of Digital, Culture, Media and Sport (DCMS) and the Gambling Commission, to address the challenges, uphold the principle of additionality at the heart of The National Lottery since its inception and ensure that The National Lottery can continue to enable brilliant things to happen in communities right across Scotland and the UK more widely.

European Union (EU) funding support to creativity is also likely to be impacted in the coming months and years. Following the EU referendum, Creative Scotland commissioned a report identifying EU funding for projects which were focused on, or linked to, the arts, screen and creative industries in Scotland across a ten-year period 2007 to 2016.

The report identified that a minimum of £23m of EU funding had been invested in Scotland's creative sectors in that period with 65% of the £23m coming from non-cultural programmes. The proposed UK Shared Prosperity fund, or an equivalent programme, will be needed to support development of the creative sectors if significant investment is not to be lost. This will be particularly felt by rural areas of Scotland where EU funding has been critical.

### **What are the main challenges for artists and cultural freelancers in obtaining funding in Scotland?**

Most artists and cultural freelancers aim to be self-sufficient. The challenge is in earning a sustainable living and being able to grow careers within an environment that does not always make that easy.

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<sup>4</sup> Source DCMS website <https://www.lottery.culture.gov.uk/>

Public funding can be part of that equation and it is worth noting that nearly 5,500 jobs are supported through the Creative Scotland Regularly Funded Organisations network, most of which are employment opportunities for individual artists. Many more opportunities are also supported through Targeted Funding (for example the [Youth Music Initiative](#) and the [Touring Fund for Theatre and Dance](#)), and through Open Project Funding (201 awards were made to individual artists and practitioners in 2018/19 and 292 awards to organisations, which in turn support many hundreds of artists through their projects).

However, Creative Scotland recognises that there are particular circumstances for individual artists and cultural freelancers and we will consider further how to simplify the application processes for them in order to reduce the barriers they face when attempting to access funding.

More generally, we are also looking to embrace digital solutions in helping simplify application processes for all applicants. For example, the use of online applications will not only help make it easier for many compared to current paper based systems but also support policy development and decision making through better capture and use of data, and greater transparency about where funding support is being delivered.

One key additional concern for individual artists and creative practitioners is their engagement with the tax and welfare systems. Within Scotland it was recently estimated that approximately 80% of artists earn less than £10,000 per annum through their artistic output, two thirds earning less than £5,000 and only 2% able to generate earnings over £20,000<sup>5</sup> (far below the median wage for Scotland, which was £28,354 in 2017<sup>6</sup>).

The inevitable outcome of this is that artists require to make a living wage through alternative or part-time work. This can give rise to the often ambiguous employment status of artists, who can be simultaneously employed and self-employed, making it difficult for them to fit into both tax and social security legislation.

### **What measures could the Scottish Government take to ensure a sustainable level of funding for the arts?**

We are encouraged by the direction of the draft Culture Strategy and its ambition to place culture as a central consideration across all policy areas. This will open up the understanding of culture and creativity as a contributor across society including health and wellbeing, the economy, education and reducing inequality.

It would also be helpful, given the contracting public purse, if there was greater clarity around local authorities' obligations in relation to funding for the arts. Local authorities are currently required to make 'adequate provision', however it is unclear what is expected in practice. If this provision was statutory then it would provide a firmer foundation for collaboration between local authorities and their creative and cultural partners, including Creative Scotland.

<sup>5</sup> [https://www.creativescotland.com/\\_data/assets/pdf\\_file/0005/35672/Creative-Scotland-Arts-Strategy-2016-17.pdf](https://www.creativescotland.com/_data/assets/pdf_file/0005/35672/Creative-Scotland-Arts-Strategy-2016-17.pdf)

<sup>6</sup> <https://sp-bpr-en-prod-cdneq.azureedge.net/published/2017/11/21/Earnings-in-Scotland--2017/SB%2017-80.pdf>

Further, we have observed that consideration of arts and culture across Community Planning Partnerships and related Local Outcome Improvement Plans remains comparatively limited. We would advocate that a stronger positioning for arts, culture and creativity within Community Planning would allow the cultural, social and economic benefits of funding to be more actively considered across localities. This would support the development of local cultural priorities; increase cross-policy working; and ultimately allow for a more holistic view on the importance of arts funding to be taken locally.

At a national level, we are grateful for the current level of Scottish Government support and investment through Creative Scotland. We have a unique position, combining development support for the arts, screen and creative industries and this is looked on positively by many arts organisations across the globe. But there is always more that could be achieved.

There are significant benefits being delivered with just under 0.2% of the Scottish Government budget.

The latest data from Regularly Funded Organisations (RFOs) and other sources for 2017/18 illustrates some of the impact from current investment:

- total audiences reached by RFOs of 8.8 million people
- nearly 5,500 jobs supported, most of which were employment opportunities for individual artists
- Creative Scotland investment helped leverage partnership income of some £275 million, and
- nearly ¼ million young people involved in Youth Music Activity.

Other examples of the economic benefits of creative activity are significant. For example, in a 2015 study of the Edinburgh Festivals, the economic impact was measured at £280m in Edinburgh and £313m in Scotland, representing a 19% and 24% increase on the figures reported in 2010<sup>7</sup>.

In a further report in 2018, it was reported that the Edinburgh Festivals spent £14.4m with Scottish based individuals and organisations on event production and creative talent during 2016-17, representing 46% of the Festivals' collective total expenditure.<sup>8</sup>

In a 2017 report, *Growing the Value for Music Tourism in Glasgow: Research Report and Promotional Plan*, it was estimated that the total value contributed by live music attendance in Glasgow was £159.7m in 2015 and that this was sustaining 1,141 full time jobs from 449,000 music tourists<sup>9</sup>.

<sup>7</sup> [https://www.edinburghfestivalcity.com/assets/000/001/964/Edinburgh\\_Festivals\\_-\\_2015\\_Impact\\_Study\\_Final\\_Report\\_original.pdf?1469537463](https://www.edinburghfestivalcity.com/assets/000/001/964/Edinburgh_Festivals_-_2015_Impact_Study_Final_Report_original.pdf?1469537463)

<sup>8</sup> <https://www.edinburghfestivalcity.com/about/edinburgh-festivals-2018-research>

<sup>9</sup> [http://www.innerear.co.uk/wp-content/uploads/2018/06/Growing\\_the\\_Value\\_for\\_Music\\_Tourism\\_in\\_Glasgow\\_Report\\_and\\_Plan\\_by\\_Inner\\_Ear.pdf](http://www.innerear.co.uk/wp-content/uploads/2018/06/Growing_the_Value_for_Music_Tourism_in_Glasgow_Report_and_Plan_by_Inner_Ear.pdf)



We recognise the significant support that Creative Scotland receives through the Scottish Government. We also recognise that budgets will always be constrained. But we know that so much more quality and ambition could be supported were greater investment available through an uplift in Grant-in-Aid funding. This could unlock not only greater support for artists, but also for creativity across the whole of Scotland, generating long term cultural, social and economic value for the country.

**How could Scotland be innovative in attracting greater funding for the arts? How should public money be made available to support artists and cultural freelancers in Scotland, including any relevant international examples of best practice? (Combined response to both questions)**

Given the increasing pressures on public funding, there is also a need to investigate new, additional, methods of funding support for arts and creativity such as crowdfunding, credit unions, social enterprise support and others. Creative Scotland is exploring the potential of these additional avenues and will promote good practice and opportunities which could further help artists and cultural freelancers in Scotland.

As outlined in previous evidence to the Committee, we are also currently reviewing our own approach to funding. We have planned engagement with stakeholders and the public about to take place through a number of events taking place across the country. There will also be an online opportunity to contribute for those who are unable to attend these events. We will be publishing details on how people can contribute shortly with the aim of finalising any new approach to future funding by the end of the year.

To help inform those discussions, we have commissioned research into international models of cultural funding and investment, reviewed previous consultations on the needs of the creative and cultural sectors, and analysed data on previous investment across the arts, screen and creative industries.

Summaries of the findings of this research will be published shortly ahead of the public events and online engagement.

The research has highlighted that the funding model that has served agencies in many countries and the sectors they represent reasonably well over the last seventy years is now struggling to accommodate and reflect the scale, complexity and diversity of our contemporary cultural ecology, its audiences and methods of cultural consumption. Each country is responding to the unique policy context and the skills and resources of its own cultural landscape.

Another key factor the research has highlighted is a wider worldwide technological context that funding approaches increasingly need to respond to. In particular:

- the significant current and future impact of technology on cultural production and consumption
- the resulting unprecedented changes in relation to population behaviour, workforce patterns and use of technology
- the impact of technology on the population's talent and skills, and
- the need for all cultural funding to respond to those changes to keep in step with both the current world, and where audiences will be, in 5-10 years.

Through this research, we are also aware of examples of international practice which include: a funding model from Brazil which is based on a 1.5 percent payroll-tax levied on Brazilian tertiary sector firms (and every employee and their family is offered a free subscription to the regional arts and social centre); an example from Canada where the British Columbian local government pledged to double the budget for arts and culture in order to help respond to the major shifts in digital technologies; a Norwegian approach which offers a basic income for artists guaranteed for 10 years, and in some cases for life; an approach in the Republic of Ireland where there is a tax exemption that allows the profits made from the sale of artistic work to be exempt from income tax subject to a maximum permitted amount of Euro 50,000; and an approach in Sweden and Denmark that ensures the number of cultural venues is linked to population numbers.

We will be exploring these ideas further to gain a better understanding and assess their potential for development here.

**What factors should be considered and how should decisions be made about which artists or cultural freelancers should obtain public funding in Scotland?**

As mentioned earlier in this response, in reviewing and refreshing approaches to funding (and the factors used in decision making) we recognise the importance of engaging, and taking into account, the views of stakeholders and the public.

In addition, public funding programmes for creativity in Scotland should also respond to the National Performance Framework, the national priorities of the draft Culture Strategy, and the strategic direction taken by each funding organisation.

There are inevitable tensions between demand, quality and available funding and these are not particular to Scotland but are similarly felt worldwide. Without a significant increase in the resources available, there are no easy international solutions to resolving that tension that would be simple to adopt in Scotland. However, involving people in process design and delivery of funding programmes and engaging peer review in decision making, seem key components in a funding approach which is delivered in a fair, consistent and transparent way.

## **Appendix 1: Overview of the landscape for arts funding in Scotland**

Traditionally funding for the arts comes from three primary sources – namely public grant funding; self-generated income; and more general fundraising/philanthropy. In Scotland, this includes:

### Public funding through national and local Government

- Scottish Government directly fund agencies responsible for preserving and promoting Scotland's arts, culture and heritage (Creative Scotland; Historic Environment Scotland; the four agencies making up the National Collections of Scotland (National Galleries of Scotland, National Museums Scotland, National Library of Scotland and National Records of Scotland) the five National Performing Companies (National Theatre of Scotland, the Royal Scottish National Orchestra, Scottish Ballet, the Scottish Chamber Orchestra and the Scottish Opera) and the Scottish Library and Information Council; and Museums Galleries Scotland.
- Creative Scotland distributes Scottish Government (and The National Lottery) funding to the arts, screen and creative industries.
- Other public agencies (including some of those listed above) in turn operate funds for specific activity – i.e. Museums Galleries Scotland operate funds for their community; National Museums Scotland operate the National Acquisitions Fund; Historic Environment Scotland also operate funding programmes.
- Additionally, the Scottish Government directly funds activities of key strategic priority – including the Festivals EXPO Fund, and Youth Arts (the Youth Music Initiative; CashBack for Creativity; Time to Shine; Sistema) and other specific projects which are handled directly.
- Local authorities also fund the arts and cultural provision art a local level.
- Other public agency funding – for example skills agencies offering activity which supports those working in the creative sector wishing to develop their skills; other public sector partners working in related sectors (education, tourism, environment)

### Public funding through the National Lottery

In addition to Creative Scotland National Lottery funding for the arts, screen and creative industries, National Lottery funding through other distributors includes some grants for community focussed arts/cultural activity coming through the National Lottery Community Fund (formerly the Big Lottery Fund) and heritage/culture (through the National Lottery Heritage Fund). Other lottery providers (such as the People's Postcode Lottery) have also entered the market and offer some support for arts/cultural activity. However, this has also brought fresh competition to the income from players for the good causes The National Lottery supports.

### Self-generated Income and business sponsorship

Sources include:

- Self-generated income from general business operations (i.e. sales of products; ticket sales; venue hire; bar, catering and retail)
- Business/private sector sponsorship – noting that Scottish Government match funding scheme for business sponsorship is on offer through the Culture and Business Fund managed by Arts and Business Scotland.

General fundraising and philanthropy

Sources include

- More general fundraising, philanthropy and development initiatives
- Funding from charitable trusts and foundations
- Crowdfunding



Evaluation of the  
2018-2021 Regular  
Funding Process

Creative Scotland

October 2018

## Summary

Consultations undertaken by the Evaluation Team have highlighted several differences of opinion in the accounts by the Leadership Team and the Board on the RFO process. This points to a deterioration in the relationship between the two bodies during the delivery of the RFO process.

It is important not to overlook the fact that the Leadership Team and Board presented a clear and unified case to the Scottish Government to ensure that the 'severely damaging' implications of any reduction in income were understood. It is fair to assume that they exerted some influence on the final settlement figure.

The design of the RFO process should have allowed for a sufficient gap between the meeting at which the Network recommendations were presented and the decisions being announced to enable Board members to request any clarifications or seek further detail on the rationale for specific organisations being recommended for inclusion or to be left out.

With hindsight the rush to convene an Extraordinary Board meeting, whilst made with the best intentions, compounded the difficulties faced by Board members in providing suitable scrutiny on the process of producing Network recommendations, by not enabling sufficient time for an appropriate level of discussion to take place, to take stock of the situation and agree an appropriate course of action.

Fundamentally, it is unclear to what extent the discussions that took place between the January 18th Board meeting and the Extraordinary Board meeting were fully guided by the published process and this ambiguity and lack of transparency is at the heart of much of the criticism that has been levelled at Creative Scotland.

The approach to funding and supporting key organisations that are deemed to be integral to the national cultural infrastructure needs to be factored into the design of future funding models and requires a wider dialogue between Creative Scotland, Scottish Government and the sector.

There is currently no reference in the application guidance to restrictions on or the implications of making direct approaches to the Leadership Team or Board members. This should be remedied for future funding models to ensure the integrity and transparency of the assessment and decision-making process.

## Recommendations

- There is a fundamental need for the Leadership Team and Board to reflect on the RFO process. This is likely to require a review of the lines of communication between both parties and also a discussion on the parameters of the Board's role and support needs with regards to future funding models.
- Future funding models should allow for a suitable gap between Board meetings at which funding decisions are taken and their subsequent public announcement.
- The approach to funding and supporting key organisations that are deemed to be integral to the national cultural infrastructure needs to be factored into the

design of future funding models and requires a wider dialogue between Creative Scotland, Scottish Government and the sector.

- Creative Scotland should review future funding models to ensure that all reasonable steps are taken so that staff involved in the assessment process aren't placed in potentially compromising positions.
- Guidance should be included for applicants to future funding programmes around making direct approaches to the Leadership Team or Board members during a live assessment process.