



OFFICIAL REPORT
AITHISG OIFIGEIL

Culture, Tourism, Europe and External Affairs Committee

Thursday 21 November 2019

Session 5



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Pàrlamaid na h-Alba

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CULTURE, TOURISM, EUROPE AND EXTERNAL AFFAIRS COMMITTEE
28th Meeting 2019, Session 5

CONVENER

*Joan McAlpine (South Scotland) (SNP)

DEPUTY CONVENER

*Claire Baker (Mid Scotland and Fife) (Lab)

COMMITTEE MEMBERS

*Donald Cameron (Highlands and Islands) (Con)

*Annabelle Ewing (Cowdenbeath) (SNP)

*Kenneth Gibson (Cunninghame North) (SNP)

*Ross Greer (West Scotland) (Green)

*Stuart McMillan (Greenock and Inverclyde) (SNP)

*Mike Rumbles (North East Scotland) (LD)

*Alexander Stewart (Mid Scotland and Fife) (Con)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Fiona Hyslop (Cabinet Secretary for Culture, Tourism and External Affairs)

David Seers (Scottish Government)

CLERK TO THE COMMITTEE

Stephen Herbert

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Culture, Tourism, Europe and External Affairs Committee

Thursday 21 November 2019

[The Convener opened the meeting at 09:15]

Arts Funding

The Convener (Joan McAlpine): Welcome to the committee's 28th meeting in 2019. I remind members and the public to turn off mobile phones. Will members who are using electronic devices to access committee papers please ensure that they are turned to silent?

The first agenda item is the final evidence session on the committee's arts funding inquiry. I welcome our panel of witnesses: Fiona Hyslop, the Cabinet Secretary for Culture, Tourism and External Affairs, and, from the Scottish Government's culture and historic environment division, David Seers, head of sponsorship and funding, and Ann Monfries, senior arts advisor. I thank you all for coming today.

The inquiry has covered a lot of ground. For that reason, we have a lot of material and questions to cover, so I ask members and the cabinet secretary to be as succinct as possible. I invite the cabinet secretary to make a short opening statement.

The Cabinet Secretary for Culture, Tourism and External Affairs (Fiona Hyslop): Thank you for the invitation to contribute to the committee's inquiry into arts funding.

I believe that in Scotland, and in the Scottish Government, the value and importance of arts funding are in no doubt. We believe strongly that it is important to fund art for art's sake. We also recognise that culture funds benefit our nation and society much more widely and impact on many other policy areas. They contribute to delivering the Government's purpose and values, and are fundamental to our national performance framework and outcomes. As members are aware, that impact is recognised in the introduction of the new national outcome for culture, which is that

"We are creative and our vibrant and diverse cultures are expressed and enjoyed widely."

It is very helpful that the committee is taking a longer-term view of arts funding. Committee members are aware of the current budget challenges, so the inquiry is all the more welcome for giving us a chance to look collectively to the future, to investigate funding models and to consider new ideas and aspirations to inform

longer-term decision making. This time will also give us the opportunity to allow for synergy with the recent work that has been undertaken on the culture strategy, which will be published after the general election, and with the reviews that Creative Scotland has initiated.

I hope and expect that the inquiry will inform future discussions and policy, so I take this opportunity simply to restate some general principles of arts funding. We are committed to supporting artists, protecting our cultural assets and working creatively towards growth, even in times of financial hardship. We must also bear in mind the importance of the principle of maintaining arm's length between Government and detailed funding decisions, while nevertheless maintaining high expectations of the people who make funding decisions, as included in our letters of grant and guidance to them.

As committee members will have heard me say before, we must continue to look beyond specific culture funding budgets and leverage in funding from other areas of public investment, recognising that that is necessary and justified by the impacts of culture on so many other areas of public benefit. Because of those benefits, I have, as culture secretary during the recent years of financial challenge, sought to protect budgets as far as possible in order to ensure that the sector is always able to progress confidently. Recently, we backfilled Creative Scotland's National Lottery deficit to the tune of £6.6 million a year—a not inconsiderable funding achievement at a time of pressure on public funding. That support is vital to the capacity of our artists and arts organisations to thrive.

I have a few words to say about the international models that have been included in the commissioned research, and the evidence that has been given to date. The draft culture strategy drew inspiration from good practice internationally, but it is always wise to remember that it can be easy to see the potential benefits of others' processes, but less simple to identify sustainable impacts and to establish sound evidence that solutions that work in other countries will work equally well here.

Scotland makes a significant global contribution in culture, which was further evidenced by the recent news that Glasgow has, in a study for the European Commission, been listed as the top cultural and creative centre in the United Kingdom. It came first for openness, tolerance and trust, and cultural participation and attractiveness, in a study of 190 cities in 30 European countries.

On that positive note, I will end my remarks; I hope that we will have a fruitful discussion, as the committee comes to the end of its inquiry.

The Convener: Thank you, cabinet secretary, that was very useful. You will be aware that the committee's inquiry into arts funding has two main strands: first, the support that is provided directly to artists, and secondly, the overall funding framework and how it could be strengthened, both in relation to the funding itself and how it is structured.

I want to start with the support that is available to individual artists, which has been a major theme. We have taken a lot of evidence from artists. A theme that came out of the row about regular funding was that when organisations receive public funding, there is no guarantee that substantial parts of it will be passed on to artists. We had quite a lot of discussions on that.

Creative Scotland's guidance on rates of pay says that funded artists should be paid fairly, but it also says that

"It is not Creative Scotland's role to prescribe the rates of pay that any organisation applies when employing staff or when working with and/or commissioning artists and creative practitioners."

Do you have a view on that, given that there is, in the arts sector, a lack of sickness absence and holiday pay, expenses are not always met and people often work far more hours than they are contracted to work?

Fiona Hyslop: On the broader issue of fair work, the committee will be aware that the Scottish Government is keen that a fair work approach, including paying the living wage, is embraced across all sectors.

Creative Scotland's application guidance sets out its assessment process and what it looks for in an application. It states:

"Creative Scotland is committed, through any activities we support, to ensure that artists and those professionals working in the creative community are paid fairly and appropriately".

It goes on to say:

"When working with artists and creative professionals, we would encourage applicants to reference relevant industry standards on rates of remuneration – such as those outlined by the Musicians Union, the Scottish Artists Union, EQUITY, BECTU, or the Writers Guild. For more information see our Guidance on Industry Standards. With regards to your own staff, as a minimum, we would expect all RFOs to commit to pay a Living Wage, according to the Living Wage Foundation".

The information that is set out for the regular funding organisations is quite clear. What those organisations have said in evidence to the committee suggests that their interpretation might be looser than what is in the documentation. We are clear that we expect rates of pay to be adhered to.

The other point was about how we regularise income. There is evidence from other countries on that. I spoke to Iceland's Minister of Education, Science and Culture this week, who told me that people there can apply for an artist's income that is paid by the Government. The pay is set at a high level—equivalent to a university lecturer's salary. I am sure that many artists would love to be in that position. Iceland's particular situation means that it can do that; we would be very limited in that respect.

There is a real issue in relation to social security, pensions and other areas that the convener mentioned. It is not just about the income that artists get in the here and now; it is also about we can give them stability in the longer term. As the committee knows, much of that would involve pensions and social security powers that the Scottish Parliament currently does not have. It would be helpful if we could work on that.

We expect those who receive funding from the Scottish Government, via Creative Scotland or other organisations, to pay the living wage, as is set out in the Creative Scotland documentation. I would expect Creative Scotland to scrutinise that closely. If the committee were to recommend that in its report, it would be very welcome.

The Convener: Most people agree that the living wage is the bare minimum and many people who work in the organisations that receive grant funding are paid well above the living wage.

You mentioned Iceland, cabinet secretary. We took evidence from Orlaith McBride, the director of the Arts Council of Ireland. It offers grants for individual artists that cover not just projects, as our funding structure through Creative Scotland does, but time. The grants are in the form of bursaries and stipends at different levels that recognise the artist's achievements and where they are in their career. Those stipends are above the living wage. Should we look at going down that road?

Fiona Hyslop: That is an interesting idea. However, as I said in my opening remarks, we have to look at those countries' approaches in context. For example, Ireland also provides artists with a tax-free allowance of up to €50,000 per annum against income from the sale of work that they produce. The issue there is about ensuring that visual artists and artists in other areas can generate income from selling their work.

There is also an interesting issue about supporting artists at different points in their career, approaches to which can vary in different industries. Until now, there has been great focus on supporting new and emerging artists, but what happens afterwards, on that journey? That is about sustainability, which runs through much of the evidence that the committee has heard. It

would be interesting to consider how we might approach those different stages, but that would mean a shift.

Budgets are limited, so supporting one area would mean taking funding away from something else. There would need to be good public understanding of that. In the current climate, some elements of the media—certain newspapers—would have a field day attacking such an approach. If we, as a country, wanted to take that approach, we would need cross-party endorsement.

The Convener: In evidence, some older artists mentioned that, in the past, back in the 1980s—which you and I might remember, cabinet secretary—the enterprise allowance scheme turned out to be quite useful for artists. They also suggested that a basic citizens income, on which a number of local authorities are currently carrying out feasibility studies, might play a similar role in the future. Would you be open to including artists in those feasibility studies?

Fiona Hyslop: Obviously, I am not the minister who is directly responsible for those pilots or for working with the local authorities that are carrying them out. However, I have had discussions with those that are conducting such pilots, and I have said that that would be a very good route to go down. There would be limitations, because we do not yet have all the relevant social security and other powers to be able to work in that area.

Artists' residencies and having a basic citizens income are approaches that would be helpful in this area and that we could do, so I am interested in exploring them. However, people might have expectations of what artists do. I understand that some local authorities are approaching that by tying provision of a basic citizens income for artists to their carrying out residency work in communities. Place is a huge part of the work that we will carry through in our cultural strategy. It emphasises the importance in Scotland of relating artists to place, so I am very open to that possibility.

The Convener: I am sure that many people would welcome that.

My original question was about how funding is given. I am sure that you are aware that one of the criticisms of the regularly funded organisation process—and, indeed, of all Creative Scotland's grant-awarding processes—is that individual artists have to compete against organisations for funding pots. The organisations that get funding might be umbrella or sectoral organisations that employ people. Therefore, most of the money is probably spent not on artists but on the salaries of officers, managers and public relations or marketing people. In evidence, it has been

suggested that that ought to be subject to audit. Furthermore, it has been suggested that if an organisation gets money through Creative Scotland, it should be able to prove how much of it is passed on to artists, and that proportion should not fall below a certain level. What do you think of those suggestions?

On your point about the attitudes of newspapers, they might make a fuss about artists getting sums of money. However, we pay out quite large sums of money to organisations whose people are employed through use of public money and are on good salaries, but they are not artists.

Fiona Hyslop: I do not think that it is a case of either/or. Everyone would acknowledge that there is a role for the Federation of Scottish Theatre and other umbrella organisations that work in the sector. The difficulty is that if we are going to simplify funding routes, artists will end up competing against large organisations.

As I remember—this was before my time as culture secretary—part of the argument for removing the national performing companies from funding by the Scottish Arts Council and instead having a direct funding relationship with the Government was that that would end the arrangement whereby the big national companies were seeking funding from the same funding pots as individual artists and other organisations. I notice that it has been suggested in evidence that we should bring back that arrangement, and that there ought to be a pipeline whereby the national performing companies would follow the same kind of route as other organisations. However, there are dangers with that. If we were to end up with larger organisations going for the same funding streams as smaller ones, where would that leave us?

09:30

We come back to the argument about whether it is a good thing to ring fence funding. In the recent past, some funding from the Scottish Government for umbrella organisations was ring fenced. At the request of Creative Scotland, the umbrella organisations stopped receiving ring-fenced funding from the Scottish Government and moved into the regularly funded network. That gave Creative Scotland a bit more flexibility in pressured times. Not having ring fencing allows funding to be moved.

It is sometimes necessary to revisit changes that were made five or 10 years ago, for which there was a rationale at the time. I think that the point was made in evidence that, in some countries, there is a requirement on organisations to show that they spend more than 50 per cent of their grant on artists. It is not unreasonable to

have to demonstrate that the funding is producing art. However, I think that there is a role for umbrella organisations to play, particularly in difficult times, in helping to leverage in funding from sources other than the Government. I do not think that it is an either/or scenario; both are necessary. We need to make sure that, at the end of the day, we are not diminishing the amount of funding that goes to individual artists.

Claire Baker (Mid Scotland and Fife) (Lab): We have taken evidence from local government as part of our inquiry. The cabinet secretary will be well aware that culture is not a statutory local authority service. We have heard about the funding pressure that is on local authorities—we will not get into the debate about local authority funding this morning.

We heard positive things about Creative Scotland's place programme. How are you looking to work with local authorities in a way that would support their activities? What involvement have local authorities or the Convention of Scottish Local Authorities had in preparing the draft culture strategy?

Fiona Hyslop: VOCAL, which is the association for culture and leisure managers in Scotland, has been heavily involved in the discussions and consultation. It is fair to say that, in recent years, COSLA has been less engaged in and less enthusiastic about cultural areas than it was previously. That might be down to individual circumstances or it might be down to COSLA officers not having the resources or the time to focus on cultural matters, but COSLA has not been as involved as it could have been.

COSLA took a completely different approach in relation to the national strategy on public libraries, which has been extremely successful. Although the statistics show that library funding has gone down, the positive impact—as shown by the number of people reached and the engagement and satisfaction levels—is up. That shows that it is not always necessarily about the funding; it is about what you do. I am absolutely convinced that working with local authorities and having the public libraries national strategy have really helped in that regard.

You mentioned the PLACE programme, which came about in Edinburgh as a result of the city region deal, although it was not technically part of that, as it does not involve the UK Government. The proposal was that it would provide £15 million over five years, which is a considerable amount of revenue funding. That funding, which was announced at the time of the 70th anniversary of the Edinburgh festivals, is intended primarily to help the festivals engage with local communities and carry out other strategic work. It operates on the match funding principle—

Claire Baker: Does that money come through Creative Scotland, even though it emerged from the city deal?

Fiona Hyslop: It came out of the debates on the Edinburgh and south-east Scotland city region deal. As you know, the city deals involve the UK Government, the Scottish Government and local government.

Claire Baker: Yes, but I am asking about the place funding. The place programme is a Creative Scotland project.

Fiona Hyslop: The PLACE funding involves the three partners—the Scottish Government, the City of Edinburgh Council and the Edinburgh festivals—each providing £1 million a year. It is not part of the city deal because it does not involve the UK Government.

The UK Government has made some contributions to the International Music and Performing Arts Charitable Trust centre, which is the proposed concert hall here in Edinburgh. That is an example of match funding. It is not without its challenges. The project spans a longer period and as the committee will be aware, I am dealing with yearly budgets—I do not know what budget I will have next year because we are waiting for the UK Government budget before we can understand how much money we will have. Certainty of funding is helpful.

I prefer to support people who want to do things. There is a danger in that regard: some local authorities have absolutely decimated their culture funding, while others—East Ayrshire Council, Perth and Kinross Council and Stirling Council—have had positive experiences. It is hard to tell what local authorities are doing because so many of them now work through trusts. The previous iteration of the committee looked at that issue. Funding and working with trusts present different issues from those that arise in working directly with local authorities. There are successful trusts, such as Glasgow Life, which is doing extremely well and with which we work in partnership.

When we talk about working with and matching local authority funding, we have to look at the situation very carefully, because nowadays most councils do not fund things directly but go through arm's-length external organisations.

Claire Baker: I am sorry to go back to this, but I have a couple of questions on the place programme. Am I correct to say that the place programme funded 19 local authorities?

Fiona Hyslop: Sorry, were you talking about the place partnerships?

Claire Baker: Yes—it was tied in with that.

Fiona Hyslop: The platforms for creative excellence, or PLACE, programme, which I have just described, is just for Edinburgh and relates to the Edinburgh festivals. The convener attended an event in the summer where someone explained what happened during the festivals this year.

I think that perhaps you were asking about the place partnerships, with Creative Scotland working with different local authorities—usually several in one year—to help facilitate engagement, sometimes in consultancy and sometimes through payment. I remember going to South Ayrshire, for example, where there was a lot of good activity. However, one of the challenges relates to whether the activity continues once the period of initial engagement is complete—when the engagement moves on to another local authority, there is a question about whether the activity is sustainable. I can be corrected if I am wrong about this, but although local authorities might have been interested in partner funding when Creative Scotland was working with them in the place partnership, there is no evidence of things continuing.

Claire Baker: Was Creative Scotland given specific funding to do that work, or did it just come from the general budget?

Fiona Hyslop: It was Creative Scotland's own initiative and came through its funding.

Claire Baker: You said that some local authorities are investing in culture, while in others the funding has been decimated. I would argue that local authorities do not get enough funding and that that is why that decimation has happened. What are the other issues around that, and how can we stop the decimation continuing? It has an impact on people who live in the area, who have a lower cultural offering than those who live in other areas.

Fiona Hyslop: I will not get into the arguments about the level of local government funding more generally, but we all know that it is pressured—public funding is under pressure for us and for everybody. However, the disparity between some local authorities, particularly from year to year, is quite striking.

I will use an example from my constituency. West Lothian is the worst council for cutting its culture resources. In comparison, some of the other councils have increased their culture funding by 15 per cent or more. Some local authorities are really embracing culture as a way forward. Renfrewshire Council is a very good example of that: it has put culture at the heart of its new economic strategy. Several city deals are engaging with culture. The Tay cities region deal is proposing joint funding of £35 million for culture and tourism, and the Stirling city region deal is

proposing £15 million of culture funding. Let me compare that to my local area—although I am conscious that I am a Government minister and this is a constituency issue. I wrote to the leader of West Lothian Council, who replied that the council was going to support just those things that have commercial opportunities, such as the theatre that has tribute bands and other arts experiences, the Linlithgow burgh halls, which has great paintings, and the Bathgate Regal theatre, which is going through a refurbishment. The council's view was that it was not its role to fund what you and I might consider to be community-based cultural activity and organisations. It is telling organisations—some of which are youth arts organisations—that they must depend completely and utterly on funding from Creative Scotland or other sources. I do not think that that is the right way to approach things. The positive approach that we see in other local authorities, of different party-political persuasions—the examples that I have given cover a range—is about seeing the opportunities that culture presents, which are sometimes about the power of culture to help change lives and sometimes about tourism or engagement. We have seen that, for more and more older people, quality of life is being provided increasingly by cultural activity in a range of areas.

The issue is not necessarily the amount of funding but how individual local authorities see things. I am very keen to meet and encourage all the local authority culture conveners. I need COSLA to engage with me on that, but I have found it to be an increasingly frustrating and difficult exercise. I will keep pursuing that. If we work together in tandem, we can do great things, even in difficult times. It is not all about the level of funding; it is about political will as well.

Claire Baker: The convener mentioned that we took evidence from the Irish Government's arts body last week. Ireland passed legislation to establish a memorandum of understanding at the highest level, and a framework agreement with each local authority. In Scotland, we all have a commitment to local decision making, but you mentioned the regular meeting that is meant to take place between local authorities, yourself and COSLA, and the difficulties in arranging that meeting. Do you think that there could be an advantage in a more formal understanding between the Government and local authorities about cultural provision?

Fiona Hyslop: I would like that—that is what we did with the public libraries national strategy. A framework of understanding would be a good thing.

The Irish situation is quite different, as it is quite centralised compared to Scotland. Its underpinning legislation allows ministerial direction

of local authorities in relation to culture, which we do not have. I suspect that if I were to take that approach into the chamber, I would not get political support—looking around the table, I see Ross Greer nodding—given Scotland's current approach to local government, which is that we are in partnership and the Government cannot dictate. Creative Scotland's place partnerships tried to have something like memorandums and frameworks with individual local authorities, rather than having something collective, whereas Ireland managed to get a national framework.

Ireland has also learned from its decade of commemorations. It was pleasantly surprised at the impact of the culture-led approach and the activities that took place in all the counties across Ireland. I have spoken to a number of Ireland's culture ministers about that. The decade gave impetus to the opportunity to galvanise cultural activity by doing something similar, using the memorandum and the framework. We will watch that very closely.

The political context of our relationship with local government is such that, at this time, I do not think that local authorities, or even some parties in the Parliament, would accept something as direct as a memorandum and framework.

Ross Greer (West Scotland) (Green): I will go back to the convener's questions about a basic, or citizens, income. You mentioned discussions about that, which I welcome. Are you aware of whether there will be a specific measurement of success in the trials in relation to artists or cultural impact?

Fiona Hyslop: I am not close enough to be able to give you that information, but I will find out for you. Glasgow is looking at the issue in relation to artists in particular, and Fife may be doing the same—I am not sure. Given that the committee is coming to the end of its inquiry, I will try to get back to you fairly quickly on whether there are any such measurements. The discussion has been more about an income being a good thing that would apply to artists, as opposed to saying that a pilot will measure whether there is an impact on artists. Some of the work that Glasgow is doing may help, whether in relation to that point or in relation to artists' residencies.

Ross Greer: That would be very useful, thank you.

I will move on to funding. There has been a lot of discussion about Creative Scotland's regular funding. To a significant extent, the inquiry came off the back of that issue, which is not unrelated to challenges with national lottery funding. The issue of sustainable replacements for lottery funding has come up quite a bit, and a number of submissions have made suggestions about the role that the

Scottish national investment bank could play. The draft culture strategy also mentions the SNIB and the potential for it to play a role. Given that the bank is intended to become operational next year, are you able to give us details of any discussions that you have had with the finance secretary about its role? What are your aspirations in that regard?

09:45

Fiona Hyslop: We need to be clear that the Scottish national investment bank will operate on a commercial basis, so it will not fund on a grant basis and I expect that its support for the creative industries will be limited. There have been discussions between the creative industries advisory group, which I co-chair, and Bob Last, who has had discussions about the scope and possibilities of the Scottish national investment bank. There are potentially more opportunities within that, but I cannot give you any detail, because the frameworks are being developed.

I think that it was Aberdeen City Council that suggested that we could somehow replace national lottery funding with funding from the Scottish national investment bank. I thought that that was a really odd suggestion. It is important that people do not give up on national lottery funding, particularly when invitations to tender for a new contract and all the rest of it are about to go out. People should not think that there is a slippery slope and suddenly there will be no more arts funding. If they do that, it gives the green light to people to say that arts funding should just go into social funding, sports funding or whatever. Whatever the committee does in its report, I urge it not to give up on national lottery funding.

The concerns that we have had are around volatility and competition. We have made it clear in our correspondence with the UK Government that we expect it to ensure that, whatever decisions it takes, it makes things as competitive as possible. The 25th anniversary will raise the profile, so we hope that there will be improvements. There has been helpful stability in recent years. We gave £6.6 million support to Creative Scotland, but otherwise things have been fairly level.

For grant purposes, national lottery funding has been used, by and large, for art for art's sake, although I think that Creative Scotland will have used it at some point for film. However, even within film, funding would be for art film as opposed to something that could be seen as commercial. National lottery funding is very tightly regulated. There is a spectrum of funding—it goes from what is commercial funding to funding art for art's sake. In that spectrum, the national lottery would be sitting at one end, and anything that was obtained from the Scottish national investment bank would be at the other end for the more

commercial creative industries. I therefore caution the committee about how it approaches that issue.

Ross Greer: I take on board what you said about the Scottish national investment bank operating commercially. There is an on-going debate about the underlying purpose of the bank—I think that that was discussed in committee yesterday morning. That is part of the enabling legislation that is currently going through Parliament. Have you had any discussions with the Cabinet Secretary for Finance, Economy and Fair Work about the issue of cultural purpose?

Fiona Hyslop: I have not had a direct conversation with the finance secretary, but we have had engagement with the bank about its development. I always thought that the investment was about long-term or patient capital focusing on the low-carbon agenda. Discussing the opportunity for culture in the low-carbon agenda is apposite, and there are things that we can do in that regard.

I mentioned in response to a question in the chamber just yesterday that Historic Environment Scotland has, with the state of California, just launched Climate Heritage Network, which is as much about culture as about heritage. They want to see culture and heritage being part of the solution for climate change.

We can look at cultural matters in the context of the low-carbon economy and the Scottish national investment bank, but we have to be realistic. However, there are opportunities for operating in the commercial area, particularly for the creative industries and individuals on the creative side of things. I think that the national investment bank would be interested in how to do smaller funding for smaller organisations. Such funding has always been a challenge for the creative industries because of frequent difficulties with traditional banks. However, there will be opportunities with the investment bank.

The creative industries advisory group consists of individual artists who are directly involved in creativity. We wanted to ensure that they could have direct engagement with the Scottish national investment bank. In that regard, meetings have taken place with, in particular, Benny Higgins, who is the former chair of Tesco Bank and was involved in the development of the new investment bank. Those discussions have been quite constructive.

We are therefore actively engaged in that respect, but I am not saying that I have had direct discussions with the finance secretary. I have gone directly to the Scottish national investment bank with colleagues from the creative industries advisory group.

Ross Greer: Obviously, you cannot go into details of the proposals that the advisory group

has been discussing with the bank but, given that the intention is that the SNIB will be operational next year, can you give an indicative timescale for when proposals will be made and will be available for scrutiny?

Fiona Hyslop: I cannot do that at this stage. Actually, that is a matter for the Scottish national investment bank; it is not for me to set that out.

Ross Greer: Perhaps it would be useful for us to write to the bank. We can discuss that among ourselves.

Fiona Hyslop: Yes, I think that that might be helpful.

Stuart McMillan (Greenock and Inverclyde) (SNP): Good morning, cabinet secretary. One of the things that has come up in the inquiry is percentage for art funding schemes, which operate in Ireland—we heard about its scheme last week—Jersey and other European Union countries. Has the Scottish Government considered implementing such a scheme?

Fiona Hyslop: The schemes operate in a number of countries. I think that Brazil applied a scheme to new properties and development when the world cup and the Olympic games were held there.

I suppose that, because of the period of recession that we have gone through, the pressures on construction, and our simply trying to make sure that we produce buildings, such a scheme has probably not been a main focus for us in recent years. However, it is interesting to look at what Ireland has done and is able to do now. That said, members need to remember that Ireland's gross domestic product is greater than ours and its rate of growth is considerably stronger than ours. The profits that different companies have been making there allows Ireland a bit more latitude in what it does.

We are interested in the principle of such a scheme, but we have not done anything about that at this stage. That might change if we can get a period of sustained economic growth—and growth in construction in particular. The draft culture strategy places a big focus on the issue, so there are future opportunities in that regard.

Stuart McMillan: Ross Greer asked about the national lottery. Could a percentage for art scheme be in addition to the funding that comes into the creative sector via the national lottery?

Fiona Hyslop: I am always looking for additional things. We should not necessarily look at things in terms of their being replacements. It is really important that you do not look at the straight bottom line of the culture budgets, because you have to take into account what we can generate elsewhere. I have referred to city region deals. It is

quite obvious that there is a demand that local authorities in different areas see culture provision as an important part of those deals.

Percentage for art schemes tend to operate best with some form of Government funding, such as match funding, to help to incentivise people to use them. Were a scheme to be made compulsory, there would probably have to be legislation underpinning it, otherwise people could say that they are not doing it.

You will probably be aware of how congested most committees—not necessarily this committee—and the Parliament are with legislation, particularly at this stage in the session. We would have to look at the available space and time for whatever legislation would be required.

Stuart McMillan: Do you foresee any challenges in introducing such a scheme, given the powers that the Scottish Government has and the powers that are still reserved to Westminster?

Fiona Hyslop: As I said, we are not actively looking at the issue, so we have not done work on that. We have not looked at what is devolved, what is reserved, and what work we would need to do to enable that. We could look at the issue at some point, but, as I said, we are not doing that at this stage.

Stuart McMillan: You mentioned city region deal projects. There will be capital investment of more than £1.1 billion in the Glasgow city region city deal. If a percentage for art scheme were to be introduced in that region, it is possible that the effect across some communities—particularly smaller ones—could be hugely advantageous for the creative arts. That would also help engagement with communities that might feel that they have been left out in the past.

Fiona Hyslop: If the schemes involve local communities deciding what they want, where they want it and what the process is, they could be advantageous. The best projects follow such an approach. To be fair, the National Lottery Community Fund is now particularly keen to make sure that there is community engagement from the start on what projects involve.

On representing place, I am thinking about the steel roses in Wester Inch, which is in my constituency. Three thousand new houses were built on the site of the British Leyland car factory, and the roses were about representing the connection with the past while saying that there is something new. In consultation with the locals, the artist came up with those wonderful artworks, which connected the steel of the cars with the flowers of the future. Such things can work and engage people with visual art.

However, I caution that there is a focus on capital, particularly in city deals. Although artworks are produced, which allows people—particularly artists—to get involved in the percentage for art and public art in places process, a lot of the city deal proposals are understandably for theatres or physical structures. The challenge with building new things is that there will also be running costs and they need revenue to maintain them, but revenue is not necessarily included as part of the proposal.

I welcome the inclusion of culture, and the committee will have seen that I have managed to secure capital funding for lots of different cultural venues and areas, but we must not lose sight of the fact that they need revenue as well as capital. That is my cautionary advice.

Stuart McMillan: The proposal came to the committee from RIG Arts in my constituency. It was working with River Clyde Homes on a regeneration project in the Broomhill area of Greenock, which had seen low investment for some 40 years. The project did not come about through a percentage for art scheme but, thankfully, River Clyde Homes had the foresight to engage with that creative organisation to help to engender a spirit of ownership in the community. RIG Arts put the suggestion of a percentage for art scheme to the committee when we had a day in Ayr, and we thought that it was worth considering. The opportunity to engage with the wider community and organisations in it can provide an overarching benefit for everyone concerned.

Fiona Hyslop: The committee will have seen from the draft culture strategy that transforming and empowering are two of the three features or underlying principles of what we want to see in Scotland. Stuart McMillan has given a very good example of an opportunity to transform a local area and empower a local community through the power of art. I would like to see that become the norm. My vision is to ensure that everybody, whether in the public or the private sector, sees it as natural, normal and expected to involve cultural organisations in the work that they do.

That goes back to the issue of whether the approach should have a legislative or regulatory basis. Should we say that projects must spend 1 per cent on public art, or should we make that the cultural norm, so that people will want to do that? That is increasingly being done voluntarily in this country, but we want to see more of it. The culture strategy will involve the power to engage with other areas in Government and beyond, such as planning organisations or development companies, to give best practice. That is the best way to achieve that. If it helps developers to sell more houses in new town areas or whatever, that will be good for them, as well—it is a win-win. That

is the spirit behind the example, and I thank the organisation for bringing it to our attention in a very practical way.

Mike Rumbles (North East Scotland) (LD): Cabinet secretary, your budget is, understandably, a small part of the overall Scottish budget. You are positive about trying to lever in private funding to supplement it, and you are looking outwith your budget and trying to work with local authorities, as we have just heard. However, I am conscious that the Scottish Government might be looking at things in silos. Have you had any direct discussions or meetings with, for example, the Cabinet Secretary for Education and Skills, who has a much bigger budget? The youth arts strategy might be under the education budget headline, but it is to do with culture and art. Have you had any discussions about that?

10:00

Fiona Hyslop: Yes. You are right that the most effective way of doing things is not in silos but by looking for opportunities right across the different portfolios. We do that with the cashback contributions that come through the justice portfolio, for example.

I have had regular meetings with Mr Swinney because, as you will be aware, some local authorities have issues with music tuition. I have a keen interest in that. We also have an interest in protecting the youth music initiative, which is culture funded. Local authorities are trying to make the most of the funding that they have.

Obviously, the youth arts strategy is a strong part of what we do to encourage young people to help to shape the arts. "Time to Shine: Scotland's Youth Arts Strategy for ages 0 to 25" was developed with and for young people.

There are two sides to the education part: the cultural provision in schools and skills. There is the work with Skills Development Scotland on creative skills. It is not just about culture; it is also about creative learning, which is separate but related. Those strands within Mr Swinney's brief are important.

I try to leverage in support for funding, and I do that regularly.

Mike Rumbles: On the wider portfolio, the curriculum for excellence is causing a lot of controversy at the moment. However, its principles give a lot of flexibility to schools and teachers, as well as a lot of opportunity to cover culture and the arts. Is any account taken of that when you are reporting on how much is spent in Scotland on the arts? I am not just looking at your budget; I am trying to ask whether that is a true reflection of what we spend on arts.

Fiona Hyslop: That is a really good point. If you were looking at the issue in terms of pounds and pence, you would be looking at something much smaller. The national performance framework looks at impact. We should measure by impacts, and not just inputs. That is the key point.

Your point about the curriculum for excellence is important. There are two three-year phases, which provides more opportunity for more experience of different subjects. For example, the number of people who are taking higher music in Scotland has escalated considerably. That has resulted from a number of issues. The youth music initiative is proving its worth by getting people interested when they are younger.

There will always be people who will want to do national 5 and higher music, but allowing people the opportunity to do music and other arts subjects in year 3 to whet their appetite and get them interested means that, if they do not take them in their fifth year, they can go on to take them in their sixth year.

It is difficult to compare ourselves with England, because people there take A levels. We have a reducing number of young people in the current cohort but, if you look at the percentages and the direction, you will see that the figures are really strong. That is where cultural provision in combination works.

If we are looking for young people who are creative and innovative and see things in context, there is an important role for culture in making people think differently. That goes back to the point that I made about tackling climate change and helping people to understand big and difficult concepts and the practical things that we will all have to do to change. Thinking differently is a crucial part of that. That is what culture does in school.

Mike Rumbles: It is all about joined-up government. I am new to the committee and have come late to the inquiry, so I have not heard all the witnesses but I have read the evidence. There is a lot of information comparing what we spend in Scotland with what is spent in other countries, and it makes for interesting reading. However, I wonder whether we are comparing apples and oranges.

It is easy to look at your budget and say that that is what we spend on culture and the arts, but, as you have just indicated, a lot more is happening and could be happening outside that. It is difficult to quantify.

Fiona Hyslop: I agree. The sector tells me that it is pleased with what I have managed to do to protect our funding budget, and, just as important, it is confident enough to do brave cultural and

artistic things. It can see things in advance and make future plans.

I am told by other countries that they look at Scotland enviously because of our vibrant cultural provision. If you were simply to look at the numbers in my culture budget, you would say that that was not possible, because of the reductions. If we genuinely believe that culture should be at the centre of society in many different ways, as we have said with our national outcome on culture—that is a recent addition to the NPF, and the first time that we have had such an outcome—that means that everybody else has to contribute to it, and we have to contribute to everything else.

Committees—dare I say this; it might be sacrilege—moving from budget scrutiny of funding inputs to scrutiny of national performance framework outcomes and taking evidence from different cabinet secretaries on the different outcomes would be interesting. The committees—never mind the Government—could work in a cross-cutting way. That might be a different agenda for you.

I should probably not have gone into that territory—I am sorry.

Mike Rumbles: I am just looking at the convener.

Fiona Hyslop: I blame Mike Rumbles.

Alexander Stewart (Mid Scotland and Fife) (Con): In your opening statement, you talked about the benefits, value and challenges that the culture sector, and the funding of it, faces. There is no doubt that funding has declined over the past decade, and many organisations, individuals and local authorities have looked at new ways of trying to manage that so that they can realise their potential. They want to maintain and sustain their cultural or arts programmes or their facilities. Looking at all that in the round, what do you consider to be the purpose of public arts funding?

Fiona Hyslop: The purpose of arts funding is to help to ensure that individual artists are supported to produce art for art's sake, and to provide opportunities for individuals and communities to enjoy and embrace cultural activity and to experience great art. The other strand is to help to support excellence in art. When we are trying to focus on community and place, we should never lose sight of the fact that there is a role for public funding to support excellence in art.

Alexander Stewart: How is investment managed so that it is sustainable and ensures that organisations and individuals have that opportunity? Should there be a baseline across the piece? Has the Government considered that as a way of looking at things and tackling issues?

Fiona Hyslop: I would rather look at ceilings than floors. With baselines, there is a danger that somebody sitting in a finance department who looks at matters from a financial accounting perspective might say, "Well, that's all you need, so that's all you're getting." Maybe that is not the right approach.

Sustainability through regular funding is probably as important. There have been financial challenges and there will be financial challenges—I have been straight with the committee about that. As a result, we might have to look again at what we have been doing. The committee's advice on what the main focus should be will be really important.

Take national performing companies, for example. Giving them certainty has been just as important to them, because that allows them to plan ahead. Uncertainty causes confidence difficulties not just in relation to private sector investment, but in relation to people planning in cultural terms.

You mentioned sustainable funding. We hear time and again that having more multiyear funding streams is really important, as they provide stability and confidence. We would really like there to be more of those.

Claire Baker made a point about working with local authorities. Things can be done on a three-year basis, and local authorities can say what they want to do as part of that. A lot of the cultural contribution cannot be dictated, but people can say what they want in respect of audiences and artists, for example. That would be an ideal sustainable approach.

The method of funding is as important as the quantity of funding. However, the bottom line is that if people do not have the cash resource to do things, it is very difficult. Members probably hear from others, including Creative Scotland, that there are winners and losers. The convener made a point about artists progressing in their work. Not all artists will always be successful in their work throughout their career. How can we create space for new companies or organisations to come in? We should not be involved in that at all. That is where artists and professionals can make a professional judgment. I know that that is why the committee is looking at peer review, for example.

Alexander Stewart: All of that is vital. Creative Scotland gave examples of what it would expect and talked about the best ways to manage things. You have identified that the best way to manage a programme is to create it over a number of years, rather than have people living hand to mouth.

The evidence that we have taken and the recommendations that we make will, we hope, lead the way in showing how things can improve

for the industry, the sector and individuals. What are the main objectives and the main challenges in trying to achieve those objectives? How do we get crossover and ensure that individuals have the opportunity to cover the whole sector and get the baseline, rather than just put specific funding into specific areas that may not develop as time goes on?

Fiona Hyslop: As parliamentarians, we do not know the answer to that, which is why the arm's-length principle is important. Some of the issues with regular funding have been to do with the three-year funding cycle. The problem is that the funding all comes at once so, every three years, there has been a real issue. Creative Scotland is carrying out a review of and its approach to its funding streams, and the committee takes a keen interest in that. Three-year funding means that, instead of a yearly crisis, organisations have one every three years.

With funding, there will be winners and losers. The issue is to make the process fair and transparent so that people accept the decisions that are made. A case can be made that the different art forms should not be dealt with all at the same time and that there should be a rolling programme. That might be a way of resolving the peaks and troughs.

There is another genuine issue. I come back to the point that many local authorities have been really good with their cultural funding—despite pressures, they have done things really well. As I have said before, the bulk of the culture-related reduction in local government funding relates to tourism rather than to culture and heritage, and I commend the local authorities for that. However, providing regular revenue funding for arts organisations and artists is more challenging. I think that local authorities find it easier to focus on places and buildings. If there is to be a message from the committee on that issue, I suggest that you repeat the point that revenue funding is important at national and local levels.

Annabelle Ewing (Cowdenbeath) (SNP): You referred in passing to the issue of peer review, on which the committee has taken evidence. It appears from the evidence that we have received that there is popular support for some form of peer review. I am not sure whether the cabinet secretary has had the opportunity to look at the *Official Report* of our meeting last week, when we had an interesting session with Orlaith McBride of the Arts Council of Ireland. I had an interesting discussion with her about how the peer review system works in Ireland. The system seems well organised, thought through, fair and robust; it also has a lot of buy-in from applicants. Around 60 to 70 peer review panels meet every year. Certainly, Orlaith McBride feels that the system is working,

and it is kept under review. Has there been any discussion with Creative Scotland about reintroducing a form of peer review system into arts funding in Scotland?

Fiona Hyslop: I have discussed that with Creative Scotland—actually, Creative Scotland has probably discussed the issue with me and told me what it is considering in that regard. Creative Scotland has used peer review to an extent. It used it in the recent open project funding, which freed up opportunities for Creative Scotland to consider other areas that it was focusing on. Creative Scotland has used peer review, but not as extensively as was perhaps the case previously with the Scottish Arts Council or as is the case in Ireland, as you suggest.

Peer review has pros and cons. The pros include the buy-in and respect for decision making, which you mentioned. However, I put it on record that there is also a great deal of respect for the individuals in Creative Scotland and for their professionalism and experience. Obviously, peer review spreads decision-making responsibility to relevant experts and, as you mentioned, contributes to a credible and defensible decision-making process.

One issue that is worth probing further is that it is costly and time consuming to keep such a system fit for purpose. As you probably heard about in relation to Ireland, the management of the system needs fairly regular attention.

There is a different point about all the different art forms and making sure that we have a wide enough pool of experts, so that it is not just the same individuals that are involved. Obviously, in a small country like Scotland, everybody knows everybody. Peer reviews do not work well when there are concerns about and potential criticisms of personal connections. The issue is about fairness and transparency. Sometimes, we have to take the judgment of peer reviews as opposed to something that is more obviously evaluated and transparent. There is scope and potential to reintroduce more effective peer-review working. However, that must be a recommendation from Creative Scotland. As a Government minister, I should not tell it how to go about that business.

10:15

Annabelle Ewing: I was not suggesting that. I wondered whether you had had discussions with Creative Scotland.

You raised the point about there being a small pool in a smaller country. In Ireland, 60 to 70 panels—across all art forms—meet every year. Creative Scotland could look at that model in more detail. That system does not operate on an ad hoc basis; it is embedded into how the Arts Council of

Ireland approaches funding. We have referred to the jazz musician in Scotland who gave us oral evidence. That witness considered it bizarre that his applications were judged by people who had—in his words—“no understanding” of the jazz world or of what he was seeking to do. He felt that that was not the optimal approach.

On the issue of cost, Creative Scotland could look into that in more detail and have discussions with the Arts Council of Ireland. Last week, I raised the issue of cost with Orlaith McBride. She was comfortable that the benefits that the council derived from that system outweighed the cost. If Creative Scotland is listening today, it might wish to look into that. The evidence that we are getting is that people are keen for the issue to be explored more seriously.

Fiona Hyslop: There are pros and cons. When there was more extensive peer-review working in Scotland, it was not without criticism. I urge caution. People should not see it as a panacea and save-all, because some people who have not had funding in the past think that peer review will be the saviour that will provide them with funding. However, even with peer review, there are winners and losers. If people are being reviewed by their peers, it gives them some credibility, but the answer can still be no, which is always a problem. The capability, skills and professionalism of Creative Scotland staff are recognised. It has to be more open and transparent in its funding review. I think that that is what it plans to do, when it releases its changes. Creative Scotland will hear loudly what you and I have said in relation to peer review.

Donald Cameron (Highlands and Islands) (Con): I have two questions on data gathering. First, I return to your use of the phrase “art for art’s sake”, which Alexander Stewart asked about. I was pleased to hear you say that we should fund art for art’s sake, because, in the past, there have been criticisms from some commentators and artists of the Scottish Government directing cultural strategy. Linked to that, we have heard discussions and evidence has been released about the fact that sources of funding—be they from private or commercial bodies, local or central Government—can influence or determine what is created. By implication, that could restrict artistic freedom. When we talk about “art for art’s sake”, can you reassure me that that is not just a catchphrase and that the Government at least has no desire to influence the creative direction of publicly funded art?

Fiona Hyslop: I have no interest at all in directing the creativity of any artist. I have long been consistent in my approach to that. I will send you a copy of the Talbot Rice memorial lecture that I gave. To me, it is obvious to say that there

should be separation and independence of artists to create what they want. I have always championed that approach.

When I made that speech, I was struck that that was seen as a refreshing, pleasant and agreeable statement for a Government to make. The fact that people felt that it had to be said and that it was so important that it was said gave an indication that there had been some concern previously about how Government had worked. I am not making a judgment on that, but I strongly believe that artistic freedom, like academic independence and freedom of expression, is really important. You do not have to like everything that is funded, but we certainly have to champion it. When I say that it is really important that we support art for art’s sake, that speaks to the point about supporting excellence in whatever form to enable things to be realised.

Another important point is that I caution against the transactional view that culture always has to do something for somebody else. It can do that, but that is additional. If we do not have the baseline of production and support for artists to do the work that they are doing, we will never have anything that can then be used in a transactional way. We need both. We will not flourish as a country unless we have a strong belief that art should exist in and of itself.

Donald Cameron: Thank you for that. I will move on to questions about evidence-based policy making and the importance of data. I think that it is fair to say that the evidence that we have taken in our inquiry has shown that it is difficult to find accessible data in order to build up a full picture of arts funding and its outcomes at local and national level. Last week, we took some interesting evidence from An Chomhairle Ealaíon and the EU representative about measurement, data and so on. Does the Scottish Government intend to establish the measuring change group that was mentioned in the draft culture strategy?

Fiona Hyslop: I am not allowed to make announcements during the general election purdah period. The strategy will appear when we are allowed to make new announcements. However, the strand on how we can measure performance and change was a strong one. It goes back to Mike Rumbles’s point that we need to consider the impact and not just the inputs. That will be really important.

Some of the concepts on which you have taken evidence, such as the observatories, came out of the United Nations Educational, Scientific and Cultural Organization back in the 1990s. I was interested to note that the data gathering and observation that take place in Ireland, which are funded by the Irish Research Council, will be independent of Government. Each country will do

these things in a way that suits it, but I am interested in that direction of travel. I hope that that is helpful.

Donald Cameron: I appreciate that there are restrictions on what you can say at present, but you acknowledge the issues to do with data. It seems to me that it is critical to get as much data as we can.

Fiona Hyslop: Yes. However, I again caution that, as with everything that is involved in managing the system, such as peer review and data gathering, we need to consider the point that the convener made at the beginning. There is a question mark over any money that does not go directly to artists. I do not want to gather data at the expense of that, taking budgets away from artists in order to put the money into expensive and extensive data gathering. We have to strike the right balance. If data can have an impact and if we can work smartly in order to give more funding to artists, that is important, but if it is—dare I say it?—data gathering for its own sake, I do not think that that is important. We need to gather data for a purpose, and that is what I want to see.

Donald Cameron: Thank you.

Kenneth Gibson (Cunninghame North) (SNP): Good morning, cabinet secretary. You said in your response to Alexander Stewart that there is a need to support individual artists. When we were out taking evidence, we met a number of young people who are trying to get started in the creative arts, and it was interesting to note the disparity in their experience. For example, we heard that, when students leave Glasgow School of Art, they do not get any advice on how to address the daunting task of setting up in the arts—for example, on how to rent properties or get advice on tax—whereas Ayrshire College gives such advice and support so that, rather than someone who wants to be a sculptor, photographer or painter walking out and thinking, “What do I do next?”, they get some support and help with that.

Will the Scottish Government look at widening that support for people who may be talented but may flounder in relation to the practicalities of getting into a career in the arts?

Fiona Hyslop: You make an interesting point. I remember having discussions with the former director of GSA, Tom Inns, at a time when the stats on employability were extremely strong, albeit that there were questions about rates of pay. GSA had some of the best employability stats of any institution, which contradicts a bit the point about a gap in skills.

The creative industries advisory group, which I co-chair, has taken a keen interest in the subject. One of our most recent sessions was with the Scottish Funding Council; we talked about types of

education funding, the council's focus and how it keeps in touch with what the industry needs. The group's view is that it much prefers youngsters to have the professional skills training in their art, because people can pick up the practicalities of doing business when they are working.

You are perhaps talking about the needs of entrepreneurs who set up practices in their areas. I am slightly surprised by what you said, because it conflicts with what I am told—if anything, I get complaints that there is too much focus on the business side in the art colleges and not enough focus on the practice of art.

That takes me back to a point that Mike Rumbles made. I am not responsible for the institutions—the art colleges are part of the further and higher education sector—but we have a keen interest in them. That is why Skills Development Scotland and the Scottish Funding Council are working to ensure that the needs of the creative industries are reflected in the provision that is available. The universities and art colleges are independent institutions. As a result of discussions with the Deputy First Minister and Cabinet Secretary for Education and Skills, I ensured that his letter of guidance to the Funding Council included, for the first time, a reference to provision taking account of the needs of the creative industries, or words to that effect.

The funding that the Scottish Funding Council provides can, understandably, be focused on research in science, technology, engineering and mathematics; research in arts is art practice, not lab work, so how do we ensure that the funding streams that go to institutions reflect what is needed? For example, there were particular issues for the Royal Conservatoire of Scotland. I have facilitated far closer working in that regard, although Government cannot direct, given that institutions have academic freedom.

The point about what students need and what industry needs from students means that a closeness and understanding are needed. One success of the creative industries advisory group, which includes individuals who represent each art form, has been its ability to direct that approach.

You have a point. There is an issue to do with how institutions listen to what young people and recent graduates tell them about what works or does not work. Institutions need to be responsive. However, although I cannot reflect on the discussions that you had, as I was not part of them, I am quite surprised by what you said.

Kenneth Gibson: Other committee colleagues were on that visit, too. What I said came directly from the mouths of students. GSA's employability stats are probably high, as it is a prestigious institution. However, some people told us that,

once they were out the door, they thought, “Now what? I’ve spent years learning my craft, but how do I end up working in that field?”

It is about ensuring that talented people do not fall through the cracks and end up working in a different field and feeling frustrated because they cannot commercialise their talent. How do we ensure that talent is not wasted and that we make the most of our creative community’s skills and talents?

It is particularly difficult for younger people. Someone who comes out of an institution at 20 will not necessarily know anyone who runs a business or has entrepreneurial skills, particularly if they come from a deprived community. It can be very daunting. It is about taking a wee bit of a belt-and-braces approach where possible, perhaps through a discussion of the matter with the colleges—not necessarily directly with the Government—to ensure that we optimise the skills of our creative sector.

10:30

Fiona Hyslop: I absolutely agree. Your point about ensuring that there is more diversity is really important. The sector feeds off networking, so it can become self-replicating, and we know that a class issue is involved. That is why there are a number of programmes, such as Creative Scotland’s inclusion programme. Particularly on the screen side but also in other areas, we need to ask how we can give opportunities to people from non-traditional backgrounds to get into the arts. That is really important.

I provide pushback and challenge in relation to what we are doing on that. Inclusivity and diversity are referred to in our letters of guidance. If we believe that the creative industries in Scotland have a strong future—we understand that the sector is the fastest-growing sector in the UK—we need to ensure that we have a pipeline of successful people coming forward and that they do not fall out of the system quickly or too early.

With creative industries advisory group colleagues, we are doing a strong piece of work on what we can do with Skills Development Scotland and the Funding Council to ensure that there is more tailor-made support for people who are coming through who have to set up. Artists are often the most entrepreneurial people because, exactly as you say, they often have to start from scratch on their own and not as part of a big organisation.

Bringing people together and networking are sometimes really important. I go back to the issues with local authorities. There is huge demand for artists’ studios. Bringing artists together is one of the best ways to enable peer support and

networking so that people understand how to do things. A big way in which we could support individual artists is by encouraging local authorities in different areas to develop artists’ studios in what were previously high street shops or former industrial units. Turning them into artists’ studios could provide support. If that is done with the provision of mentoring skills, we will have a framework in which people might not fall through the cracks.

I have gone into those things in a more detailed way than I necessarily should as cabinet secretary, but I feel strongly about the issue. That is in keeping with what we are doing in discussions with our creative industries advisory group. I will let the group know that the committee is interested in that issue.

Kenneth Gibson: I recall how successful some of the collective arts studios in Glasgow were back in the 1980s, such as the Wasps studios.

The issue of geography has been touched on. We heard in evidence from Creative Scotland that the grant award per capita in Glasgow is 25 times the figure in North Ayrshire. Obviously, we expect the cities to have a higher per capita spend, because they have national companies, for example, but that differential is quite horrendous. More work must be done to ensure a more even basis of grant distribution in Scotland. We need more encouragement and engagement to try to get cultural groups in places such as North Ayrshire and other parts of Scotland—Fife has also been touched on in the evidence that we have received—to ensure that the money that is spent on the arts is more evenly spread across Scotland.

Fiona Hyslop: I understand exactly what you are saying. Obviously, a number of local authorities do not have any funding from Creative Scotland, although it is not there to fund local authorities. That goes back to the point about excellence, contribution and capability. Artists tend to network and gravitate to one another, which is why the cities have always traditionally been places in which artists will gather. However, there needs to be an understanding that place is really important and that excellence can come from anywhere, so the geographic spread is important. That said, if we ended up with a quota system, we would take the lifeblood out of what we are funding in respect of the artistic opportunities.

Organisations that are funded and located in one area—in Edinburgh, for example—might work throughout the country. It is about where the impact is and not just where the company is located. The geography can sometimes be a bit odd. For example, the Cumnock Tryst is supported, but the operation is registered in North Ayrshire although, obviously, Cumnock is in East

Ayrshire. That is because the applicant lives in North Ayrshire. There are disparities such as that.

I hope that, with the cultural strategy, we can ensure that we nurture cultural activity and excellence wherever we find it. Certainly, some strong organisations in the south of Scotland are doing great work. I visited a number of projects there over the summer. Part of our role is to make more visible the excellence that is happening right across Scotland and not just in our cities.

Claire Baker: I want to return to the questions that Stuart McMillan raised about the overall budget and national funding. Figures from the Scottish Parliament information centre show that, between 2010 and 2019, grant in aid declined by an estimated £9.2 million. Even though the cabinet secretary legitimately argues that she has protected the budget, the impact of inflation has resulted in an overall reduction over some years. On sustainable funding, is there an ambition in the Government to reverse that decline and increase funding to the arts? I am not arguing that the cabinet secretary should have delivered that in the current budget, but is there a longer-term strategy and ambition to see the arts receive a greater share of the overall Scottish budget?

Fiona Hyslop: For the arts to receive a greater share of the Scottish budget, we would have to take funding from somewhere else. I have not seen this committee or any other committee suggest where that funding might come from. Would I like more money—

Claire Baker: I am sorry to interrupt, but there are consequential and there are always little pots of money. Announcements are made all the time about increases. You have a tiny budget for the arts, so increasing it would not require a huge amount of money. This is not an argument about next year's budget or cross-portfolio funding, which Mike Rumbles asked about; I am talking about the longer term. Does the Government have an ambition for arts funding in, say, five or 10 years? Other countries use the 1 per cent model, which is the issue that Stuart McMillan raised.

Fiona Hyslop: I thought that it was 1 per cent for buildings, rather than—

Claire Baker: Other countries take that approach. We are back to the baseline argument. Are there no plans for the Government to take that kind of approach?

Fiona Hyslop: Do I want more money in the culture budget? Yes. Will I get it? That is a challenge, particularly when there are budget pressures elsewhere. You will know that the health budget has been protected, as has the policing budget in the justice portfolio. Because the health budget is so big, all non-protected budgets have had to be reduced to help to continue the support

for the health budget in pressured times. That is the reality.

Any Government could make a commitment to a budget of X per cent and to increase the budget over five years. I could try to argue for and get more funding in my budget line. However, I would have to take that funding from portfolios in other parts of the Government in a situation where we have pressure on funding as a result of our grant provision from the UK Government. If I took that funding, I would put at risk the contribution that I can get from other budgets, such as the £35 million in the Tayside city deal for culture and tourism, the £15 million from the Stirling deal and the money that we can get from education and skills.

Claire Baker is right to point out that other money is available. That might look good on paper, and I could try to achieve it, but one reason why we have been successful in our culture role in Scotland is that we have been smart and pragmatic. I just want to ensure that there is funding. I am less concerned about where it comes from in the Government and more concerned about the total amount that I can get for all my areas. If I fought for the budget through a silo approach, to which Mike Rumbles referred, there would be a risk that I might end up with a bigger line on my budget but with a reduced contribution to the culture budget from other parts of the Government.

I urge caution about looking to other areas to get increases for my area. I have set out my approach, which I think has been fairly effective to date. If I changed it, I might put at risk the total impact that we have and the money that goes into my area. For example, last week, we announced a budget of £770,000 for our year of coasts and waters, most of which will go to artists and artistic activities, with performances all over the country, including, I think, in North Ayrshire, although I will have to check that.

I understand what Claire Baker is saying and I am tempted to go down the line that she suggests. I would like to do it, but there are risks in that.

Claire Baker: We are waiting for the culture strategy. Will that be the vehicle for levering in additional funding across Government? We talked about local authority engagement. What is the ambition for the long-term sustainable funding that the strategy can deliver?

Fiona Hyslop: I caution that the culture strategy will not involve a major funding announcement, as people might expect given the current constraints on budgets. However, it will be a statement of how we can work collectively across not just Government but local authorities, arts

organisations and people outside the arts to leverage in more funding.

The Convener: We have talked about a number of pressures on funding, but one that we have not mentioned is the impact of Brexit. Creative Scotland commissioned a United Kingdom consultancy company, Euclid, to identify European Union-funded projects in the arts and creative industries, and it reported that two-thirds of the funding comes from European structural funds rather than culture-specific programmes.

We know from our work on this committee that the creative Europe programme funds a great deal of activity in Scotland—indeed, the committee heard evidence from Creative Europe Desk UK last week. Can you share with the committee the Scottish Government's plan for protecting or replacing funding that is currently leveraged from EU sources or is that just not possible in the current financial climate?

Fiona Hyslop: That issue is a frustration. Last week, the Scottish Government announced what it wants to see in relation to EU structural funds—I am not sure whether you took evidence on that. You are correct that a lot of the European funding that has gone into culture and heritage has come not from creative and cultural leads, as we might expect, but from structural funds. It is a bit like the way in which regeneration funds in Scotland often end up in the culture area.

We are concerned about the lack of detail—indeed, any information at all—on the UK's so-called prosperity fund, which is meant to replace funding in those areas. There have been broad-brush statements from the UK Government about guaranteeing funding, but there has been no detail about how much funding will be provided, how and where it will be provided and so on.

We have had discussions about the administration of such funding, should it become available, to replace the administration of the funded projects that we have—I think that there are currently four creative Europe projects—to try to give certainty about how the situation will work for the organisations involved. However, I cannot tell you that any of that funding can be guaranteed, because I am not the UK Government, which has been very vague about what it will do to replace funding. It is an area of serious concern.

We want to ensure that we do not lose out on funding in any shape or form. We know how much we need and where it comes from. There is the media funding of 19 million—it is either pounds or euros—from creative Europe. We know what the budgets are and where they are. It is not all about the media funding and the creative Europe programme. I was down in Wigtown, where the

northern periphery funding programme funds literature festivals and so on. The matter is of great concern, and it comes back to the politics. Culture does not work within boundaries; writers want to work with people who have great ideas. Such funding enables us to internationalise.

There is a great deal of good will. At a recent UNESCO meeting, I spoke to a number of European culture ministers and found that there is a great desire for us to continue to be part of the programmes. It is possible to be part of creative Europe and not part of the European Union, for example.

My biggest immediate concern is that programmes that are live just now should continue to be funded. I will do what I can, as part of our Brexit planning, but it would be wrong of the Scottish Government to say that it will be able to mitigate the worst excesses of the UK Government's actions in not providing detail.

The Convener: You have been able to protect aspects of your budget to deal with the shortfall in lottery funding and you have come forward with extra money for film, which is much appreciated. However, I think that we can all agree that there are considerable financial pressures, which we have talked about today. Those pressures are being felt in local government and in our main arts agency, Creative Scotland, whose RFO process triggered our inquiry.

Clearly, no matter what happens with regard to the way in which Creative Scotland operates, there will still be continued funding pressure. Notwithstanding what you have said about the arm's-length nature of the organisation, what discussions have you had with Creative Scotland about its review of how it operates with regard to funding and where that funding is going?

10:45

Fiona Hyslop: Obviously, we have discussed the terms of the review and what it is intended to achieve. The organisation is also going through a management review.

I am due to have a meeting with Creative Scotland quite soon and, at that meeting, I expect to receive more information about what it is planning in terms of that review and what it will mean for its funding.

Recently, I spoke to the Creative Scotland about giving it the space and time to extend the funding for RFOs for a year so that there is a smoother transition—rather than a cliff edge—in the move to the new funding system that it intends to develop. Of course, that is subject to future budgets, which we cannot set out just now, and it is for Creative

Scotland, not me, to give you the details of that proposal.

The Convener: We have seen a bit of feedback about that from local RFOs that have been informed about it. How does it work? Does it mean that their funding would just be extended for another year, based on previous years' funding levels?

Fiona Hyslop: I think that either my office or Creative Scotland has written to the committee to give you that information. In any case, I will ensure that Creative Scotland shares with you how it intends to do that. The idea is to give RFOs more certainty. I do not have the information to hand, but I will make sure that you get it.

As I said, the proposal is subject to budgets. That is the case with every grant letter to every organisation, whether it is Creative Scotland or the national performing companies.

David Seers (Scottish Government): As the minister says, the proposal is subject to budgets. The intention is that there will be more stability for organisations if there is not a new round of decision making about the portfolio for a further year.

Fiona Hyslop: Yes, the idea is to avoid that round of decision making happening at the same time as a new system is introduced.

The Convener: Do you think that introducing a new system will reduce some of the financial pressure on Creative Scotland? Can that be done through an organisational review of the funding?

Fiona Hyslop: I think that there should be an organisational review in any case to ensure that the organisation can function in the best way it can. I do not know whether trying to find savings is the main focus of the review but, obviously, any organisation should always be thinking about how it can release funding and savings. However, that is a question for Creative Scotland, rather than for me.

The Convener: Would you like to change the remit of Creative Scotland? Do you think that the review could do that?

Fiona Hyslop: I do not have any intention of changing the remit of Creative Scotland at the moment. Again, that would require legislation, which we are not necessarily in a position to arrange in the remainder of this parliamentary session.

I am not going to pre-empt the review. I do not know what it will find, and I would like to see its findings before I comment.

The Convener: You mentioned that the cultural strategy will be published after the election. Our inquiry report will be published between the

election and Christmas. We are keen that the evidence that we have gathered in the report will feed into the cultural strategy. Is there anything that you can say that would reassure the committee that the work that we have done will be able to influence the cultural strategy, given that the timings are tight?

Fiona Hyslop: I am not responsible for the timing or the subject choices of the committee but, as I said at the outset, we want to take on board what you say so that it can inform our future policy making. However, the cultural strategy will not necessarily be as detailed as some of the propositions that you are concerned with. People will use the cultural strategy to inform their decision making.

I would have liked the strategy to have been published before now, but we are stuck where we are because of the restrictions. It is unrealistic to say that you will publish your inquiry report one day and, the next day, it will be absorbed in its entirety into the cultural strategy.

The Convener: I was not suggesting that for a moment, although I am sure that—

Fiona Hyslop: I am not sure what your report is going to say, as you will have to discuss what you want to put in it. I understand that I am the last witness in the inquiry, so I do not know what you will recommend. I have seen some of the evidence that you have taken, and I do not think that the evidence base is completely at odds with the direction of travel in the cultural strategy. However, we will not necessarily have detailed actions saying, "We will do X, Y and Z," or, "This organisation should do X, Y, and Z." I do not think that the level of detail will be the same as what you will have in your inquiry report.

I do not know what will be in your report, because I have not seen it and I do not think that you have decided on that yet. However, what it contains will be considered carefully in relation to Creative Scotland's decision making and the Scottish Government's thinking about new initiatives and how we work with local authorities, which will be a big theme of your report.

With regard to the timing, I should say that Creative Scotland's funding review will report very soon, too. Obviously, you and your clerks will always do a piece of work around timescales when you initiate inquiries with regard to what you are trying to influence. However, you probably did not embark on this inquiry thinking that you would influence the cultural strategy because, like me, you would have expected the cultural strategy to have been released sometime prior to the conclusion of your inquiry.

The Convener: Do you have a date for the release of the cultural strategy?

Fiona Hyslop: It will be after the general election. However, as you know, that puts us into the week before Christmas. We must think about that timing in relation to everything else that will need to be announced. As you know, it cannot be announced during the election period, so there is a bit of choreography to be done around that. However, it will be announced as soon as practicable after the election.

The Convener: Thank you for giving evidence today. We will now move into private session.

10:51

Meeting continued in private until 11:12.

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Published in Edinburgh by the Scottish Parliamentary Corporate Body, the Scottish Parliament, Edinburgh, EH99 1SP

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