OFFICIAL REPORT
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Constitution, Europe, External Affairs and Culture Committee

Thursday 29 September 2022

Session 6

The Scottish Parliament
Pàrlamaid na h-Alba

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CONTENTS

CONSTITUTION, EUROPE, EXTERNAL AFFAIRS AND CULTURE COMMITTEE
21st Meeting 2022, Session 6

CONVENER

*Clare Adamson (Motherwell and Wishaw) (SNP)

DEPUTY CONVENER

Donald Cameron (Highlands and Islands) (Con)

COMMITTEE MEMBERS

*Alasdair Allan (Na h-Eileanan an Iar) (SNP)
*Sarah Boyack (Lothian) (Lab)
*Maurice Golden (North East Scotland) (Con)
*Jenni Minto (Argyll and Bute) (SNP)
*Mark Ruskell (Mid Scotland and Fife) (Green)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Steve Carson (BBC Scotland)
Lucy Casot (Museums Galleries Scotland)
Sir John Leighton (National Galleries of Scotland)
Alex Paterson (Historic Environment Scotland)
Rhodri Talfan Davies (BBC)
Louise Thornton (BBC Scotland)

CLERK TO THE COMMITTEE

James Johnston

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament

Constitution, Europe, External Affairs and Culture Committee

Thursday 29 September 2022

[The Convener opened the meeting at 09:00]

BBC Annual Report and Accounts

The Convener (Clare Adamson): Good morning. I give a warm welcome to the 21st meeting in 2022 of the Constitution, Europe, External Affairs and Culture Committee. We have received apologies from Donald Cameron MSP.

Our first agenda item is to take evidence on the BBC annual report and accounts, which the committee undertakes annually. We welcome to the committee Steve Carson, director of BBC Scotland; Louise Thornton, head of commissioning at BBC Scotland; and Rhodri Talfan Davies, BBC director of nations. I invite Mr Carson to make an opening statement.

Steve Carson (BBC Scotland): Thank you, convener. After several years of virtual appearances before the committee, I am pleased that my colleagues and I can attend in person. I am delighted to have alongside me Louise and Rhodri, as you have noted.

Those virtual sessions are a reminder that the year under review in the annual report and accounts that have been laid before the Scottish Parliament cover a time when we were all still working and providing vital broadcast services under Covid rules and regulations. Those services included in-depth coverage and analysis of the parliamentary elections in May last year.

The report and accounts also cover the time when Scotland hosted the 26th United Nations climate change conference of the parties—COP26—and BBC Scotland staff and infrastructure were at the heart of global coverage of the climate change conference. As well as our news programming, we heard from Scotland's innovators in "Our Planet Now", we looked at Scotland's engagement with North Sea energy in "Black Black Oil" and we shared the remarkable story of a life of solitude in the documentary "The Hermit of Treig".

Although the report covers the previous financial year, it is important to note that, in recent weeks, when the eyes of the world were once again on Scotland following the death of Her Majesty at Balmoral, BBC Scotland's teams were at the heart of bringing those historic events to a national, United Kingdom and global audience.

Through the past year, our strategy "The BBC Across the UK" has seen an increase in network commissions and co-commissions, with some of the BBC's biggest drama titles, including "Shetland" and "Vigil", set and produced here. "Vigil" was the most watched new drama launch on UK television in the past three years and a second series is now confirmed.

Last autumn, we also saw the return of the critically acclaimed, award-winning drama "Guilt", with a third series now in the works. At the end of this year, we will be welcoming "Granite Harbour" to the schedules, which is a new Aberdeen-based drama. This week, we have been celebrating 20 years of "River City", which is an audience favourite that makes a significant contribution to our creative economy, developing talent on screen and off.

In 2022, Scotland became the BBC's centre of excellence for technology journalism, when the BBC News specialist technology team moved here. The weekly technology programme "Click", which broadcasts in the UK on BBC One and on BBC World across the globe, has been broadcast from Scotland since May.

BBC Radio Scotland continues to serve Scottish audiences across the country. For example, "Climate Tales" gives a voice to children and young people sharing their fears and their aspirations for the planet. The station is marking our centenary with "100 Years of Scottish Stories", in which listeners across Scotland are recording and sharing the one story that they would like to pass down to the next generation.

We know—I am sure that we will come on to this—how central our partnership with Screen Scotland, and our shared training and development initiatives, has been in growing the creative economy here. Screen Scotland's recent report on the economic value of the screen sector to Scotland has shown how important the BBC and public service broadcasting is to that, with the BBC alone accounting for nearly three-quarters of all PSB spend on television in the year of its analysis.

Partnership is also at the heart of our Gaelic services. Alongside MG Alba, in the past year, we have launched SpeakGaelic, which is a multiplatform language learning course with programming across BBC Alba, BBC Radio nan Gàidheal and our online platforms.

We hope to be able to share more with you today. Louise, Rhodri and I look forward to discussing the annual report and accounts, and associated matters, with the committee.

The Convener: Thank you very much for that informative opening statement. I will begin the questions. On the issue of impartiality, the BBC does not have to be neutral on every topic, but it must show due impartiality. Ofcom describes that as a "complex challenge". It contrasted audiences' ratings for BBC news, which is highly trusted for accuracy but has lower ratings for impartiality. The regulator has said:

> "Given the apparent disparity between audience attitudes on the BBC's impartiality and its good record of compliance with the due impartiality broadcasting rules, it is important for the BBC to find creative and engaging ways of delivering—and demonstrating—to audiences its commitment and approach to due impartiality, in order to retain trust."

Do you have any reflections on the regulator's view?

Steve Carson: The regulator has done a number of studies, which includes its media nations reports and its report on due impartiality in June. You are right to point out that Ofcom notes that the BBC has a very strong record in acting with due impartiality. The research is interesting. For example, according to our research for the annual report and accounts and Ofcom's research, the BBC is still a very highly trusted news source. One of the figures in the annual report shows that BBC News is the go-to news source for nearly half the population. Other news source brands—if I can put it that way—are in single figures.

When we look at trust and impartiality in Scotland and in the rest of the UK, the figures are not widely different. As Ofcom has pointed to, that is about communications and confidence. The way that we can make sure that people believe that we are impartial is by doing our jobs well, and by following our standards and guidelines, which we do.

I note Ofcom research in June, which looked at Scotland. When audiences were asked what they felt when watching BBC Scotland programming and STV programming, they said that they were very similar and that they covered the same subjects. In some cases, they reported that the BBC was doing better.

We always need to be alive to audience perception. The figures in Scotland are not radically different to those for the rest of the United Kingdom. The proof of the pudding is in the eating. People come to BBC News and BBC News in Scotland when they want information. We saw that during Covid. They had a choice of outlets for public health information and they turned to the BBC and BBC Scotland in large numbers at a time when they really needed to find news and information that they could trust.

Maurice Golden (North East Scotland) (Con): First of all, congratulations to "River City" for celebrating 20 years, and for showing a very entertaining and innovative anniversary episode—it was great to watch.

I want to make an interlinked point around impartiality. If we look at the four nations and people's views on their preferred news source, there seems to be a clear differential between Scotland and Northern Ireland versus England and Wales. In England and Wales, the BBC is significantly ahead of ITV and ITV Wales as the preferred news source. That differential is flipped in Scotland, which I am clearly most interested in. What are your thoughts on that? Are those views reflective of content, or do they perhaps mirror those of society?

Steve Carson: The Ofcom research, which I think is in the research pack that has been produced for the committee, has stripped that information into individual services. STV News provides an excellent news provision service in Scotland. It has pulled out of other genres in its contribution to the main channel 3 schedule. However, the table that you are looking at shows STV News as a single source, while all the other BBC channels and services are stripped out separately, including into BBC Radio Scotland, BBC One Scotland and BBC Scotland. When you aggregate all those sources in the table, the number of people who see the BBC as the service of choice to find news about Scotland in Scotland comes to 58 per cent, I think. The BBC position here remains very strong.

Rhodri Talfan Davies (BBC): If we go back to what Steve Carson said earlier, it is worth bearing in mind the enduring trust of the audience in BBC News services. Around 80 per cent of the population views BBC News services every week. Steve also mentioned the breadth that is offered across BBC Scotland, BBC Radio Scotland and online. That is an extraordinary portfolio of news and current affairs services. That is a unique position in which we are able to deliver value to news audiences across the BBC portfolio.

Jenni Minto (Argyll and Bute) (SNP): I thank the witnesses for coming along. "River City" began 20 years ago? Gosh, that is quite frightening—I can remember when it was first commissioned.

I will continue with the theme of impartiality, as well as ask about breadth of service, a theme that Rhodri Talfan Davies has just introduced. We had a debate in the chamber on public service broadcasting. One of our colleagues Stephen Kerr said:

> "It is 20 years since ... devolution ... and ... the BBC has not ... caught up with that".—[*Official Report*, 3 March 2022; c 107.]

Stephen Kerr was previously an MP, as you will know. In the debate, he went on to talk about the

coverage that Westminster gets compared with the coverage that this Parliament gets. I am interested to know your thoughts on that. Do you have any plans to change how you cover what happens in this Parliament—everything from First Minister's questions and committee sessions to parliamentary debates—given what could be happening here in the coming years?

Steve Carson: Individual scheduling decisions can change over time, but our commitment to cover the workings of this Parliament is strong and remains strong as it is a key part of our public service in Scotland. Indeed, the work of Scottish members in Westminster also features in our output.

We invest considerably in our coverage of politics. One of our most talented teams works in that area and we have expanded that coverage in a number of ways, with big investment in "The Nine" and podcasts such as "Podlitical". We are changing schedules to make improvements. An example of that is "The Sunday Show", which involves BBC Radio Scotland and BBC One Scotland. Louise Thornton might talk about that. Joining our services together is a key thing for us in BBC Scotland.

We have deepened, improved and enhanced our political coverage in recent years, as well as our commitment to ensuring that the work of elected representatives of our audiences in Scotland is properly covered.

Would you like to add to that, Louse?

Louise Thornton (BBC Scotland): Thank you so much for having me here. I started as head of commissioning in December 2020, taking over from Steve, when the channel was in a very healthy position.

Part of what we do in the commissioning team is to work in a multiplatform capacity. I manage five commissioners who all commission certain genres, but we always look across platforms for opportunities.

"The Sunday Show" is an excellent example of where we are looking for an opportunity to use talent that can reach a certain audience through television but that can speak to a radio audience as well. Increasingly, we are looking to how we deliver through BBC Sounds—that is a key priority for us. "Podlitical" is a fantastic programme and "The Sunday Show" also picks up an excellent audience through our on-demand service.

I offer you the reassurance that digital is a major priority for us; it is absolutely a consideration for how we are delivering news going forward.

Alasdair Allan (Na h-Eileanan an Iar) (SNP): I am interested to hear a bit more about your definition of Scotland-specific programming, given the statistics that you have produced on that. I should make it clear that I am not calling for some very purist definition; I am just a bit unclear about what it is. For instance, I did not know that "Click" was produced in Scotland. Is it all a matter of location, or do you take other factors into account? For instance, does Ken Bruce's programme count as Scottish? I see you shaking your heads. I am just curious to know what is included and what is not.

Incidentally, I, too, enjoyed "Vigil", once I had overcome my irritation at the fact that the programme's writers seemed to believe that we have coroners in Scotland. Can you say a bit more about whether this is all a matter of location and where things are produced, or does it also have something to do with how Scotland is reflected?

Steve Carson: It is a mixture. You will see that one of the tables in the annual report and accounts sets out the spend that is directly in control of BBC Scotland—that is, content spend controlled by Louise Thornton and her team and BBC News spend as well as some BBC Scottish Symphony Orchestra spend. Some of the spend is specifically BBC Scotland's.

However, we also count network spend in Scotland. The allocation of spend in Scotland is defined in Ofcom rules under three criteria: first, whether there is a substantive base here; secondly, the proportion of the spend here; and thirdly, the talent and crew based here. There are two types of network spend: portrayal spend, as seen in "Shetland", "Vigil" and "Two Doors Down", which are set in and reflect Scotland; and then the considerable proportion of spend on programmes such as "Click". Those sorts of programmes are made here—in fact, our Pacific Quay studios are one of the centres of excellence for producing quiz shows across the BBC—but it is not portrayal spend, although the audience members often come from Scotland. Nevertheless, it is valuable economic activity. There is therefore a mixture in the spend, but the accounts separate these things out.

09:15

Rhodri Talfan Davies: The point about the mixed ecology of across-the-network investment and money controlled by BBC Scotland is spot on. You want that range of work, because it helps build the sector and skills.

However, it is worth saying that the plans that the BBC laid out last year across the UK are not only about transferring investment outside the M25—they amount to about £700 million up to 2027-28—but about what is made and whom it reflects. As a result, one of the commitments alongside the financial movement is for at least

100 comedy and drama titles over the next three years to be authentically rooted. You can talk about location, mindset, world view, accent or whatever, but the programmes have to feel authentically rooted, and you will want that mix of investment to ensure that there is an authentic portrayal of the different parts of the UK.

Alasdair Allan: That was very helpful.

A question that has previously been raised is about what you are doing to encourage and promote new writing in portraying Scotland—or, indeed, in portraying anything—to give backbone to the programmes that you are talking about. I am curious to know what is being done in that respect.

Steve Carson: It is a key part of what we are here for, and I will hand over to Louise Thornton to respond.

Louise Thornton: You are right to say that new writing is absolutely key to authentic portrayal and storytelling that reflects a modern Scotland, which is what we are all here for.

We have various ways of developing writing talent. All of you will probably be aware of BBC Writersroom, which has been incredibly successful over the past few years. We have a close relationship with it; indeed, Gavin Smith, who is the commissioner of scripted output in my team, works very closely with it.

A recent example of programming that has come out of that has been a short-form drama opportunity in the iPlayer space through a partnership that we entered into with Screen Scotland. As you will know, drama is very expensive, but iPlayer is a fantastic space for giving somebody their first writing break on screen and short-form drama has massive appeal to younger audiences.

We married that up with our desire to develop talent and attract different audiences in commissioning a range of scripts through the Writersroom and selecting one script to take to series. That resulted in a really successful series called “Float”, written by Stef Smith, which you can watch on iPlayer and which subsequently went on to win an award at the Festival Series Mania. This year, we are again working with Screen Scotland to replicate the experience and have selected a writer called James Price from Glasgow, who is writing a piece based in Dundee called “Dog Days”. It, too, is in the short-form space, and it gives him his first chance at serialised writing. That is one example of how we develop talent.

Of course we also have “River City”, which is a brilliant training ground for writing talent. Writers from “River City” go on to all manner of huge shows; in fact, our challenge is to hang on to that talent, because we develop them so well. I should at this point congratulate “River City” on 20 years of fantastic programming. What the people involved do for the sector and for writing is fantastic.

Alasdair Allan: Thank you.

Mark Ruskell (Mid Scotland and Fife) (Green): What direct or indirect impacts might the proposed sell-off of Channel 4 have on the BBC?

Rhodri Talfan Davies: Clearly, that is a matter for the UK Government. You will have seen the debate and discussion about the future of Channel 4, but our view is that the mix of public service broadcasting in the UK is a very precious thing. A mix of buyers, funders and suppliers is crucial to the development and sustainability of the Scottish creative sector, but the issue of what the right structure is for Channel 4 is for Channel 4 and the UK Government to discuss.

Mark Ruskell: The committee has had some very strong evidence from the independent production sector about the potential impact. Where does the issue sit in your risk register? Are you concerned that the privatisation of Channel 4 might lead to certain indies not being here in a few years’ time? Would there be pressure on the BBC to support the independent sector at a higher level? What would be the impacts of that on your own budget and strategy? I know that, politically speaking, you cannot give us your views on the privatisation of Channel 4, but surely it could be very significant for your strategy.

Steve Carson: Before I hand over to Louise Thornton to talk about the sector generally, I have to say that we need that mixed ecology. I do not think it is a coincidence that the UK as a whole—and increasingly Scotland itself—has developed a flourishing broadcast industry of global strength with a mixture of the licence fee core funding and a strong independent commercial PSB sector, which includes Channel 4.

Louise Thornton can probably give some examples of this, but both the BBC and Channel 4 have been very focused on developing the wider creative sector as part of what I always think of as our mission. I often say that BBC Scotland is the largest creative organisation in Scotland, but we are not the only show in town and what we really want to be is an enabler or anchor tenant for the wider sector. We, like Channel 4, pay close attention to growing and developing the independent sector in Scotland.

I will hand over to Louise Thornton to talk about our future strategy.

Louise Thornton: No matter what happens with this particular issue or what changes emerge over the next few years, we are focused on developing the sector. Part of our strategy focuses on how we

bring business into Scotland with the budgets that we control and how we spend those budgets in a way that develops the sector through returning series, which are a massive priority for us, as well as through factual programming and through bringing more drama to Scotland.

Increasingly, we are looking at how we co-commission with the likes of the BBC network. Our strategy commits us to a certain level of funding per year; under it, we will 50:50 match fund projects with the network across all genres. “Guilt” is a fantastic example of that, and there is also “Martin Compston’s Scottish Fling”, which is out at the moment and is a co-commission with BBC Two. We have two more dramas coming this autumn: “Granite Harbour”, which Steve Carson has already mentioned, and “Mayflies”, which is an adaptation of the Andrew O’Hagan book.

Our key priority in developing the Scottish sector is bringing more high-impact content to Scottish indies, but the second part of that is looking at how we bring in other funding for ideas. Increasingly, we are looking at other partners in terms of distributors and other models where we can bring in additional funding and work with the independent sector to bring that funding into production budgets.

Steve Carson: Perhaps I can give you a positive story. I know that the committee looks at economic as well as cultural and creative impacts, so I should say that, with the investment that the BBC put in from 2018-19 as well as Channel 4’s commitment, the creative sector in Scotland rose to the challenge with a very significant increase not just in the volume of programming but in quality and ambition. Covid stopped us in our tracks for a time but, as you will know, we and the sector found other ways of working. There is a very strong story of momentum building there, and the creation of Screen Scotland has been part of that, too. Scotland can be proud of the creative sector and the independent broadcast sector as well as what BBC Scotland does itself, and with support, that momentum will continue and will continue to have a positive economic impact.

Mark Ruskell: What would be the implications for the BBC if Netflix bought Channel 4?

Rhodri Talfan Davies: Channel 4 is an independent broadcaster and has its own relationship with Government, and I do not think it appropriate for us to speculate on different models. The BBC’s view is that one of its unique roles is to portray the diversity of the UK; Netflix does many things very well, but its authentic portrayal of the UK is nothing like the scale of the BBC’s commitment and ambition.

We have to be really honest about the financial position facing public broadcasting in the UK at the moment. As you know, we are in times of high inflation, and the BBC is dealing with a flat licence fee settlement. That situation is incredibly challenging—indeed, it is challenging for every organisation. Last May, we set out our thoughts that the inflation freeze represented a £285 million funding gap for the BBC through to 2027-28, but inflation has probably moved that figure closer to between £400 million and £500 million.

We are ambitious. It is fantastic to see additional investment going into Scotland year on year as we bounce back from Covid, and it is great to see those numbers reflected in the annual report, but we also need to be honest with the committee about the significant financial challenges facing public broadcasting in the UK and to make it clear that it is only the public broadcasters that have in their DNA this commitment to reflecting the country’s real diversity.

Mark Ruskell: I understand your reluctance to go on public record about Channel 4, but I hope that the board of the BBC is looking very carefully at the matter and that the financial risk as well as the risk to the whole sector, particularly the independent sector, is a matter of intense discussion.

Rhodri Talfan Davies: Private discussions are always being had within the BBC. You will know better than I do that there is quite a lot of swirl at the moment about the future shape of Channel 4 and the UK Government’s intentions. I do not think that, given the independence of Channel 4, it is either helpful or appropriate for the BBC to publicly discuss different scenarios.

Mark Ruskell: So we will just have to guess what the impact is. Thank you.

Steve Carson: Perhaps I can make a comment from an economic development perspective. Netflix is great, and I think that we probably all subscribe to it, but it does not have anything remotely like, for example, BBC Bitesize or that range of services.

From an economic development perspective—and I speak as a former independent producer—what you find in the UK is what are called terms of trade. Under those terms, if an independent company grows an idea, it will own and be able to exploit the intellectual property, with a share obviously coming to the licence payer. That approach has, again, been hugely influential in growing the sector. Under the terms of trade with the streamers, which are primarily US based, the producer gets paid to make the programme but all the rights are retained. That is a fundamentally different model, and I think that our terms-of-trade model has played a huge part in growing our success story with the sector.

Sarah Boyack (Lothian) (Lab): It was good to read the report. I have a couple of questions about how you effectively market the BBC to people in Scotland. The "Ofcom Annual Report on the BBC 2020-2021" highlighted that

"some audience groups have lower satisfaction with the BBC, such as disabled audiences, those in Scotland and those from less-well-off backgrounds."

To what extent are you reaching out to those audiences? We have talked a little about different ways to access TV. I am interested in future viewers, and younger people in particular. What is your strategy to address those issues in a Scottish context and the diversity issue in audience ratings?

Louise Thornton: We know that we have challenges, and we know that we find certain groups harder to reach. We look at that in the data, and we in the commissioning team are all absolutely alive to that.

I will deal first with the second part of the question, which was about younger audiences. Younger audiences seem to be a really hard-to-reach group but, if you look at the data, you will find that 75 per cent of younger people use the BBC iPlayer. That is their preferred video-on-demand service. I take heart from that statistic.

On the data on programmes that we are making, our sport output, for example—in particular, our live sport, including the championship games on Fridays—brings in high volumes of young people, as do very big, successful programmes such as "Murder Case" and "Guilt". Some 25 per cent of the audience of "River City" on the iPlayer are from a younger age bracket.

We are attracting young audiences. I am not pretending that we are a young audience service—we are not; we are a broad, universal service—but I can see the points in our programming in which we have younger audiences. Our challenge is how to retain them and make them feel that the BBC is for them.

The second part of our strategy involves where younger audiences see themselves on the BBC, particularly BBC Scotland. I will take the example of the TRNSMT festival, which is Scotland's biggest music festival. That is a fantastic music festival if you are 15 years old—although possibly not if you are in your 40s, as I was when I went to it. It is a really popular festival with young people, and a million people watch it on our services. Half of those are young people who watch on the iPlayer—that is their viewing habit.

We need to make sure that our iPlayer strategy is strong. When we have content that we know attracts young people, we need to look at how we market it.

09:30

On your marketing point, our team, which is led by Gillian Morrison, recently launched a TikTok account. That took a while to authorise with the BBC, but we are seeing that younger audiences are finding our content. We know that they will come to us for the comedy, sport and music genres, and we know that we have a healthy audience on TikTok, Instagram and Facebook still. We have a very healthy audience on Facebook, including a very healthy young audience.

We also have BBC's The Social, which is absolutely targeted at young people. It is targeted at a young audience for consumption, but also for them to see and hear themselves. For those who do not know, that is a co-creation project. We have a team that works throughout Scotland with young people from different backgrounds. On your diversity point, very strong diversity targets are built into The Social to make sure that we hit people and that we hear from what we call underserved audiences.

In The Social, hundreds of pieces of content a year are created throughout Scotland, including by young people who might not have had a relationship with the BBC in the past. That has been going for several years now, and we have seen that a lot of those young people have gone on to work in the industry, which is absolutely fantastic.

Some of the young people who have created content for The Social have made programmes for BBC Scotland. For example, "Roaming in the Wild" developed from two young men making short-form content. They got a six-part series with half-hour episodes on BBC Scotland. "Eat the Town", which is coming to screens soon, is about two young people who are friends and who sample food from places in Scotland that people might not normally go to for a culinary experience.

We have a really strong strategy for young audiences with those types of projects, but we are also looking at the bigger programmes that bring in young audiences and thinking about how we can do more of those. We see that "Murder Case" and "David Wilson's Crime Files" do well with young audiences and that "Paramedics on Scene", in which we can see people from throughout Scotland doing very important jobs every day, is doing very well with them.

Our relationship with BBC Three is very strong. Last year, we co-commissioned two programmes with it: "Wild Weekends" and "Sky High Club: Scotland and Beyond", which is a series that is just out. That series shows young people who work in Loganair flying all over the country. Again, that is good portrayal in which we see young people. If you watch it, you will see that it is

delivered in a very BBC Three-type way, so it looks and feels very young.

Sarah Boyack: The other side of that is career opportunities for young people. You have talked a bit about production in Scotland. Can you give me a sense of production across Scotland? Obviously, a lot of the production is in Glasgow, but what about the rest of the country?

I want to pick up the particular issue of BBC News. To what extent is that focused across the country or mainly on Glasgow? What are the opportunities for young people to get into the sector—into journalism or behind the camera?

Steve Carson: I will start off on our direct BBC and BBC Scotland initiatives and then speak more broadly about the wider sector support.

BBC Scotland has a strong track record on apprenticeships and trainee schemes that goes back a decade or more. That means that the demographics of our workforce are different. Right now, there are 60 apprentices and trainees in bases all around Scotland. As members know, we have 12 bases in Scotland. Seventeen of those apprenticeships started this month; I think that we are due to start another 17 in January. They are right across the range, from journalism, production, production management, broadcast engineering, software engineering to user design.

As I have said, that is a very big and firm commitment, but it is also an enormous bonus for us because, in recruiting those apprentices, we deliberately go to people who may never have thought of the BBC as a career for them. Their diversity of thought and background is incredibly strong. That they are paid apprenticeships and trainees is hugely important in our industry, much of which relies on work experience and so on. That in itself opens access to people who cannot afford to live off the bank of mum and dad. That commitment has been hugely valuable to us.

That is our direct employment. Louise Thornton, with her commissioning hat on, works with a number of other agencies.

Louise Thornton: I have mentioned The Social, which does a great job of bringing young people into the industry. We have a really healthy partnership with Screen Scotland, and there are a number of initiatives in our memorandum of understanding with it.

We have just launched our new directors initiative, which is aimed at young people shooting their first broadcast hour or half hour. In that initiative, we select candidates from different and diverse backgrounds, and we place them in the independent sector. That should be delivering later on this year.

There is the FormatLab initiative in the MOU with Screen Scotland. That initiative is about bringing talent at different levels into factual programming. There is also the rad diversity scheme. Beyond that, we are always looking for opportunities in which we can bring trainees into some of our productions.

We had a training programme to bring on new talent at the heart of “Granite Harbour”, which is a drama that is set in Aberdeen and which will go out later this year. We know that drama is booming in Scotland, so we need to bring in new people in that way. There is a very active training programme in “River City”, and we see lots of young and new people coming through that production.

In October, we are launching a series for black history month. We are working with an indie that is bringing through young black talent, writing, performing and directing. We look for opportunities in which we can do that. BBC Scotland is a place in which we can develop new talent and sometimes take a risk with people, as well.

Steve Carson: On the direct point about the distribution of our journalists, we have BBC journalists working in all the bases, from Edinburgh to Dundee, Aberdeen, Inverness, Portree, Stornoway, Shetland and Orkney.

On the wider point, I have noticed from working in Scotland that the broad creative sector is very Glasgow focused. Part of our role through commissioning is to make sure that we go outside Glasgow and represent all of Scotland. I will give a direct example. A few years ago, a series about a children’s hospital that was set here was pitched to us. We said that we were interested in the area, but we did not want it here. That series was then commissioned through Aberdeen. We are constantly focused on making sure that we represent all of Scotland.

Alasdair Allan: You mentioned young audiences. I am interested in the issue of audio content. There is certainly no shortage of interest in audio content from younger people—podcasts and so on—but I listen to the radio, and I have to admit that, if I let slip to a younger member of my family, friends or work colleagues that I have heard something on the radio, they give me a very puzzled look. Where does audio content for young people lie? What does its future look like?

Louise Thornton: To be honest, we see young audiences coming to radio for sport. “Sportsound” does a brilliant job. We know that there is an audience need for live sport, and “Sportsound” delivers brilliantly. However, we are seeing a lot of young people picking that up on BBC Sounds now, and we have seen growth on that platform. To go back to an earlier question, the issue then is

how, when young people go to that platform to listen to our sport content, we surface other content to them.

Over the past few years, we have been investing in podcasts. We know that that is a growth area, including for young people. One of our podcasts that has done incredibly well with young people is "Good Ship BrewDog". We know that that is an area of interest and that that is a brand that is known to them. Within that portfolio, true crime also does very well with young audiences. We have a very successful podcast called "Who Killed Emma?" I think that its downloads were sitting at over a million, with a strong youth profile.

Beyond that, in music, TRNSMT is a great way in, as is the Belladrum festival, which, as we do with TRNSMT, we co-commission with BBC Alba. We also have a very successful partnership with "BBC Music Introducing". That is skewed to the very young, because it is all about celebrating new music and new artists in Scotland. We structure that programme by putting it out live on Radio Scotland, and we put it on BBC Sounds as a podcast.

Last year, we extended that brand to produce a TV competition show called "Scottish Act of the Year", which has done very well with young people. The winner of that competition was Bemz, who is a rap artist from Ayrshire and a fantastic talent. Bemz is known to young people, but was not to me—although he is now. That is where we see the real benefit of things such as "BBC Music Introducing". It is about grass-roots music. That is something that the BBC does brilliantly. That is a very strong brand for the BBC, and we have leaned into that in Scotland and are delivering it digitally for young people.

Maurice Golden: We have touched on this. I am conscious that there is a testing financial backdrop, but I am keen to get on the record how you are developing plans for capacity building in the regions, if you like—beyond Glasgow, and particularly around Dundee and Aberdeen.

Louise Thornton: We have a very strong production sector in Aberdeen. Some of our strongest programmes come from that area, such as "Beechgrove" and "Landward", so we know that there is talent there. We are just about to extend "Beechgrove" to do a run of winter specials, again using the talent from that area. We did some research to find out what other audiences might like from that programme. Where we have something that is successful, we are always thinking about how we can do more. The training programme that we put at the heart of "Granite Harbour", which I mentioned, was absolutely about building the drama sector in Aberdeen.

We did a piece of research recently that showed that Dundee is perhaps one of the places in Scotland that feels underserved by the BBC. With that in mind, we have created a strategy that is looking at local audiences and thinking about how to deliver more value for them. We are running a four-week local pilot with the Dundee and Tayside area, where we are making sure that we have a volume of programming coming from that area, including an increased digital news offer. "Debate Night" came from Dundee last night. We have just published a podcast commissioned by Gareth Hydes called "The Cruelty: A Child Unclaimed", which gives the story of the unknown bairn from Tayport. Over the next month, we will be looking at how our sports output can also lean into Dundee.

Once we have finished our pilot, we will measure the impact of the increased volume of content with wraparound marketing and content discovery to make sure that, when audiences come to us, they can find other content. I hope that we will see a very positive impact from the pilot that will allow us to replicate it across Scotland.

Maurice Golden: Thank you. That is very useful.

Jenni Minto: Last year, I asked about network programme commissioners being based in Scotland. I am interested to hear about the progress that you have made there.

Louise Thornton: As I said, I sit with the five BBC Scotland commissioners. David Harron commissions factual, Gareth Hydes commissions radio, Gavin Smith commissions scripted, Steve Allen commissions popular factual and Tony Nellany commissions sport and factual. We sit at Pacific Quay in Glasgow, but we are out in the sector quite a lot as well.

We sit next to our network commissioning colleagues and our Gaelic commissioning colleagues. We have five network commissioners, and we have just recruited an assistant commissioner for drama. Gaynor Holmes is the network commissioner for drama, and she and Gavin Smith work in collaboration on projects such as "Granite Harbour" and "Mayflies". We have a very strong relationship there.

Stephanie Fyfe, who has started as the assistant commissioner, works with Gaynor Holmes, but also with Gavin Smith on developing new writing talent. Muslim Alim works on daytime, so he works in collaboration with Steve Allen. Neil McCallum works on entertainment and we have some BBC Three projects on the go with him at the moment. Gregor Sharp, who is the comedy commissioner, works closely with Gavin Smith on things such as "Guilt". They co-commissioned that. Julia Bond also sits in Scotland—she might be

based in Skye, but I would have to check that. She commissions for the network but out of Scotland, working with Scotland indies.

Jenni Minto: It feels very joined up from the way that you have talked about it. I noticed in the papers today that the BBC had a programme launch and it was talking about the cost of living crisis. It said that it will be transmitting programmes that are about escapism but also resilience and that there will be cost of living elements throughout the programmes. I am interested to know whether BBC Scotland is planning to do that, because we have a slightly different environment here.

09:45

Louise Thornton: That is a really good question. We have been discussing that at length with Kate Phillips, who has taken over unscripted in network. Our approach at the moment is absolutely to build the issues through our output. News will be covering them extensively. Gareth Hydes, who commissions Radio Scotland, has built them in throughout the entire schedule. If you listen to Radio Scotland, you will hear all the issues being discussed on "Good Morning Scotland", but also through the morning phone-in. We have been covering the energy crisis and the rent freeze and we have also looked at a property surgery.

For us, it is not just about one programme. We are considering how we can cover the issues throughout the output. We will be looking specifically at how "Debate Night" can lean into the issues, because we want to hear the voices of real people as well as those of experts. We want to hear their experiences. The social will be looking at the impact on young people. It will be producing short-form content to let young people share their stories and voices on the subject. Beyond those programmes, "River City" is always alive to what is going on in the world, so it will be thinking about how it brings the situation into its storylines.

That is the approach at the moment. However, escapism is also key. I think that our autumn schedule is looking really strong. We have a mix of the harder-hitting content and programmes that will help people, but we also have some wonderful programming to come through about renovating houses and travelling around Scotland, as well as drama and comedy.

Jenni Minto: Does that apply to BBC Alba as well?

Louise Thornton: Absolutely. BBC Alba has some fantastic content coming up. It has a new drama—I will try to pronounce its title properly—called "An Clò Mòr". I hope that that is the right way to pronounce it. Margaret Mary Murray has been very helpful, as I am not a native speaker. It is all about Harris tweed, and I think that that is going to be a fantastic drama for BBC Alba. Its award-winning documentary series is looking at gaming culture. BBC Alba is really thinking about how it can push into younger Gaelic speakers.

Jenni Minto: I have a question about budgets. Rhodri Talfan Davies mentioned that the overall budget for the BBC is at a standstill, although you have the advantage that you know how much money you will have in the coming years. However, funding for things such as Radio nan Gàidheal, BBC Alba and the BBC Scottish symphony orchestra appears to remain at the same level with no inflationary rises. I am interested to know how that might impact on output. For example, can the orchestra continue to travel?

Rhodri Talfan Davies: It has been incredibly encouraging to see the increase in spend in Scotland over the past year. I know that that has been a focus of attention here. The bounce back from Covid across our spend on both Scottish services and network services is the right direction, and Steve Carson and I share the ambition to see that grow further.

It is a reality check. The organisation has faced a 30 per cent reduction in real terms in the value of the licence fee over the past 10 years. Steve and I are in daily discussions about how to ensure that we put every penny into content and reduce as much as we can the costs of doing business. As I said, however, the licence fee settlement, which was not the outcome that we were looking for—it is flat for two years at a generationally high point in inflation—is difficult.

I do not come here to ask for sympathy—every organisation across the country is facing a similar predicament—but we will have to look at that across the board. It is too early to speculate how we will go about it. As I said, our focus has always been on how we can drive reductions in areas such as procurement and distribution—areas that do not touch and affect the audience. In the end, the real test for the BBC going into the next charter will be the value that people get for the £159 that they spend on their licence fee each year. We have to protect our spend on content as far as we can.

The challenge that we have, which I detailed earlier, is that the assumptions that we made about the impact of the original licence fee deal did not anticipate the level of inflationary pressure that we are seeing, whether that is on energy costs or the hyperinflation that we see in the production sector given the demand for skills. We will have to circle that financial challenge of, maybe, between £400 million and £500 million by 2027-28. We are ambitious to see Scotland

continuing to grow and thrive, but that is against an incredibly constrained financial backdrop.

Steve Carson: On the point about stability, if you look back over successive annual reports and accounts, you will see that, at times when other budgets and other investments were going up and down, we have maintained investment in our Gaelic services because we recognise how valuable they are.

The most significant investment was the investment in BBC Alba's news coverage at the weekends. That totalled more than £1 million in 2018-19, and through the succeeding years, when other things were being reduced, we have maintained that level of investment. It has grown, and incremental things such as SpeakGaelic have been added to it. We know the value that the services of BBC Alba and Radio nan Gàidheal have among their target audience. They are very highly valued and they are a hugely important part of our remit.

We are working in the partnership that we have with MG Alba to see how we can continue to offer services on linear but also, increasingly, in the digital future. We know that there is high demand, for example for language learning in Gaelic. The Duolingo app showed us that, and SpeakGaelic is part of that as well. In partnership with MG Alba and others, we can use our platforms and our services to help to make an impact there.

Jenni Minto: What do you do with all the information about the environmental footprint of productions that you get from the albert calculator system that you talked about?

Steve Carson: It works towards the BBC achieving its overall sustainability commitment. The albert calculator was developed by the BBC and then released out to the broader sector through BAFTA. It is now used at the point of every commission. I think that Louise Thornton can speak to that. It is being tracked.

Louise Thornton: It is now absolutely part of the commissioning conversation. The commissioner will sit down with the independent company or producer at the start of each commission and talk through what they need in order to achieve the albert certification. That is monitored throughout production and checked at the end. It has been mandatory since January 2022. We are helping companies to adjust to what they need to do, but we are tracking it, as Steve Carson said, and we want to get to 100 per cent, with every single production achieving certification.

Jenni Minto: Are you finding that the independent companies are learning from the information that they are putting in and perhaps changing their behaviours?

Louise Thornton: Yes. I think that there is still some work to be done, to be honest, because it is a new part of the commissioning process, but we have been encouraged by the results that we have seen so far. We are doing a review of the process to ensure that everybody knows what they need to do and at which points.

Everyone that we speak to in production is absolutely committed to this. There is no resistance with people not wanting to do it. It is just about making sure that people know how to do it and that, at the end of the production, they have achieved what they set out to achieve.

Rhodri Talfan Davies: I reassure you that it is not just about the BBC pushing its sustainability commitments into the independent production sector. We also need to put our own house in order. As Steve Carson mentioned, we have a very clear target to achieve net zero by 2030, which requires some quite aggressive work. We want to try to reduce energy costs or energy usage by about 20 per cent over the next three years and by 30 per cent by 2030.

There is an awful lot we need to do in our estate across the BBC and in our internal working practices, but there is no doubt that albert has sectoral support. One of the key reasons why the BBC moved albert to BAFTA was to ensure that it is a genuinely sectoral initiative that commands the support of the whole production community.

Steve Carson: On what BBC Scotland is doing directly in this area, I am really delighted that the work came up not as some sort of corporate requirement but through the team in Aberdeen leading the way by forming a green team and coming up with its own solutions.

BBC Scotland is transferring its car fleet over to electric vehicles and we are now working with the rest of the BBC to pass on the lessons that we have learned. If you have been to Pacific Quay recently, you will know that we have had an enormous solar array built that is generating a significant chunk—at least 30 per cent—of our energy. We have looked at a number of things we have done over the past few years, such as replacing chillers and changing to LED lighting, and we feel that we have removed about 1,800 tonnes of carbon dioxide from our footprint in one building alone.

Mark Ruskell: I will come back to Louise Thornton about the social media strategy. I was interested to hear that the BBC is now on TikTok. Will the BBC also be going on Twitch, for example? How do you see the platforms evolving, and what will be the BBC's involvement in them?

Louise Thornton: It is quite hard to say, given the speed with which social media platforms and audience behaviours move. At one point, when we

were looking at young audience behaviour, we thought that young people were not on Facebook any more so we should not try to target them there, but that is not true. A lot of young people are on Facebook across the demographics.

In relation to our strategy, we know that Instagram has a younger, mostly female profile, so we think about how we target our content in that way. We know that TikTok is skewed towards younger people, so we take a targeted approach to our content discovery and think about the type of content that we put on that platform. However, a lot of older people now consume on TikTok—when the parents of kids start going on TikTok, the kids might start leaving TikTok—but we know that that is a great way of targeting young people.

We do not have any plans to go on Twitch at the moment, but we have a comedy channel on YouTube, because we can see that there is great consumption of longer-form sketch-type comedy on YouTube.

With our social media strategy, given that we work with independent companies, we have to be mindful of intellectual property interests. In relation to our overall strategy, we would like people to drive to iPlayer. We are looking for awareness and attribution of BBC content on social media, but we are also looking for growth in the use of iPlayer and BBC Sounds.

Rhodri Talfan Davies: There is also a legislative dimension. In old money, the BBC's position on analogue platforms on television and radio was very protected; enormous prominence was given to public service broadcasting. My point goes back to the audio question that we discussed earlier. How audiences find and discover content on social media platforms and all the various new devices, such as smart televisions, raises a critical question relating to what prominence we give, and how we safeguard, public service media in the years to come.

The prospect of a digital media bill to address such issues is critical, not just for the BBC but for the whole public service landscape. That legislation is essential if we are serious about younger audiences having access to trusted media that is where they are. Given the abundance of content out there at the moment, it is very challenging to cut through. The BBC has the advantage of scale, but the prominence that we have enjoyed historically has also been a critical ingredient, and we need to protect that on the new platforms.

The Convener: I will ask a final question. A key theme of the work that the committee has been doing has related to a wellbeing society and wellbeing communities. We have been looking at how cultural budgets can leverage wellbeing in our communities. In relation to big-ticket items, will the BBC Scottish symphony orchestra—which, I think, is a jewel in the crown—be part of the strategy when looking at projects and at what might be done in communities? Will it provide diversity in terms of live audiences and audience participation in productions?

Steve Carson: We are very proud of the BBC Scottish symphony orchestra. As you know, earlier this year, the BBC as a whole conducted a classical review that noted, very broadly, the BBC's important role in classical music. As part of that, the Scottish symphony orchestra was quite rightly recognised for its quality. It is a big part of our strategy and an organic part of BBC Scotland.

Outreach is very important. That includes everything from getting out and about and touring as much as possible around Scotland to working with organisations such as Sistema Scotland in trying to bring music to, in particular, young audiences who might not otherwise access it. That is a key part of the thinking in relation to the orchestra and our wider strategy.

The Convener: That concludes questions from the committee. I will be very cheeky by saying that I hope to see you all again next year for Eurovision in Glasgow, which I know is one of your areas of interest. Thank you very much for your attendance this morning. I will suspend the meeting briefly.

10:01

Meeting suspended.

10:07

On resuming—

Pre-budget Scrutiny

The Convener: Our second item is to continue taking evidence as part of our pre-budget scrutiny of the culture spending portfolio. I welcome Sir John Leighton, director general of the National Galleries of Scotland; Lucy Casot, chief executive officer, Museums Galleries Scotland; and Alex Paterson, chief executive, Historic Environment Scotland. A very warm welcome to you.

I will start with questions about the financial outlook for your sectors. Last week, we heard that cultural organisations are experiencing a "perfect storm" of rapidly, and in some cases unexpectedly, increasing costs and reducing income. Your submissions would reflect that to us today. I will ask each of you in turn to provide an overview of the impact of the pandemic, the costs crisis and other financial pressures on your budgets and the impact that that will have be on the levels of service that you can provide.

Sir John Leighton (National Galleries of Scotland): Thank you very much for inviting me to join you this morning. I know that you do not want any grandstanding or opening statements, but perhaps I could begin with something positive, because if you are speaking about funding all morning, it is going to be completely miserable, isn't it? All of us represent sectors and organisations about which there is a huge amount to be optimistic, as we are all about enhancing people's lives, so I hope that you will indulge me just for a moment.

Stepping back, I think that there is a huge amount that we can be positive about, certainly at the National Galleries and in the wider museums and galleries sector. Levels of interest in what we do have steadily increased over the years, certainly at the National Galleries. In the past decade, visitor numbers at our Edinburgh sites have more or less doubled. Pre-Covid, we were welcoming on average 2.5 million visitors to our Edinburgh sites.

We have also managed to keep national programmes running. We have lent works of art across the country in exhibitions from Dumfries to Shetland. We have run national programmes in learning outreach, and we have worked with disadvantaged teenagers in the west and in the Borders. We run all manner of programmes for all ages at our Edinburgh sites, from BOYB—bring your own baby—through to the fantastic gallery socials for dementia sufferers. We also work internationally, lending hundreds of works of art across the world, as well as exhibitions. Every one of them is a mini ambassador for Scottish culture.

Finally, our activity online has blossomed and our offer online now reaches millions of people across the world. We saw during the pandemic how important that has been and has the potential to be. We have lots to be positive about and we all know that we look after assets that are of immense importance for the life of people in this country.

That is the positive bit. When we turn to funding, of course, it is inevitably less positive. I am sure that what you will hear this morning is fairly familiar from right across the culture and heritage sectors. In our case, we face a funding challenge the like of which I have never before witnessed or, indeed, imagined. Already, before the events of recent months, we were looking at a pretty substantial deficit in our budget for next year, widening in the years beyond that.

When you layer in the lingering impact of the pandemic and when you layer in the dramatic inflationary costs that we are seeing at the moment—the pressure to try to keep paying a fair wage to our staff and, particularly in our sector, the rising energy costs, which for my organisation are predicted to at least double next year from a six-figure sum to a seven-figure sum—you are talking about a crisis that, to me, feels more serious and more difficult to deal with than the pandemic itself.

It would be tempting to relate all this to the immediate context of the pandemic, war, inflation or the cost of living, but to my mind the roots of this go further back and lie in patterns of funding across a longer period. It is fashionable at the moment to refer back to the financial crash of 2008, but if you go back to that time, you will see that budgets for organisations such as mine were reduced in the aftermath. They never recovered and what happened in the period from, say, 2011 onwards is a pattern of more or less level funding across the piece, if we take out increases that were designed to cover Government pay policy and if we take out the more variable nature of capital funding.

Like other organisations, we have tried to make up the difference by pedalling ever harder with self-generated income, and we work very hard at that. We have set up a very successful trading company with revenue from shops and cafes. We have explored venue hire. We have lent commercial exhibitions abroad. Car parking charges, donations—you name it; we have pulled every lever we can think of, and with some success. The model broadly was of Government subsidy supplemented by self-generated income. That Government subsidy has been covering less and less of the activity that activates what we do and what the public see. We have reached a point now where 92 per cent of our grant in aid goes to the salary bill. All the other things that make a

difference, whether it is displays, exhibitions, learning, education programmes—you name it—are now covered by earned income.

The model broke during the pandemic, of course. That income shrivelled and we are now in a period where it has not yet recovered. With the two key parts of the funding—the Government subsidy and the self-generated income—under pressure, we face a crisis that will, in our case, lead to a severely reduced offer, with national and international programmes reduced, different patterns of opening hours and partial closure of sites. In short, as we said in the submission, we will have an offer that falls severely short of what you would expect from a national cultural organisation.

That sounds bleak, but it would be no exaggeration to say that, as I look to next year and beyond, I am thinking that this is about how we protect the collection, keep the lights on and doors open—and that is it.

10:15

Lucy Casot (Museums Galleries Scotland): It was great to hear John Leighton start with the positives, because we have a fantastic museums and galleries sector in Scotland. I want to talk first about the sector before talking about Museums Galleries Scotland as the national development body. I am here very much to represent the sector. There are 442 museums and galleries in Scotland on our books and they are spread right across the country in all sorts of communities.

It is a very diverse sector, which makes it quite a complex sector, but there is richness in that as well in terms of its creativity. As well as our fantastic national institutions, the quality of which we are very lucky to have in Scotland, about a third of our museums and galleries are civic—either run directly by local authorities or by arm's-length trusts—and about 60 per cent more are run as independent charities.

The charities in the independent sector face a different range of issues. Quite a number of them are run wholly by volunteers or maybe with one member of staff. The issues that they face and their ability to respond to them are varied as well. You heard last week from Kirsty Cumming from Community Leisure UK about a lot of the pressures that are facing the civic museum sector. It is a huge concern that, as Sir John said, the issues that are facing the civic museum sector as a non-statutory service were severe before the impact of Covid. The funding that was made available to museums and galleries during Covid was not made available to the civic sector, so it came into this year with real issues. I am very concerned about the ability to protect that non-statutory service given all the pressures that are facing local authorities.

I particularly want to talk about where we were very generously supported by the Scottish Government through the pandemic, such that we did not lose any museums and galleries as a result of Covid, which was quite remarkable, because it is not what we expected to happen when the pandemic started.

The last round of funding that we gave, which we hoped was going to be for the recovery of the sector, was based on ensuring that these fragile organisations would have three months of reserves come March 2023. That was the calculation that was made based on the estimates of income and expenditure for this year.

We saw a recovery begin this summer, but it has now stalled. Those visitors who are coming are spending about half what they did in the past; in particular, we are not seeing the international visitors returning or spending to the same level. The levels of income that have been generated this year are not what was hoped for. Now, we have the cost of living crisis and the energy situation, which mean that the organisations that were fragile going into this year are in crisis now. Since the submission was made, we have put out another call for up-to-date information and I can share with you some of the things that came back from that.

This is the biggest threat that people have seen to their organisations for more than 30 years. There are organisations that have discontinued their buildings and contents insurance, because they simply cannot afford it. There are organisations that are cancelling all but emergency maintenance. Those things are not a sustainable position. When it comes to insurance, the next step for an organisation would be to discontinue public liability insurance, at which point it would close. Many organisations are reducing their opening hours because that is the choice that they have to make in order to reduce costs, just at the time when communities are calling on them to be those warm free-to-access spaces that would be so valuable.

I am very concerned about the position in our independent museum sector with what is facing people at the moment. The organisations have an obligation to care for their collections, so if they go into crisis and fail, finding a new home for those collections, which they hold on behalf of their communities and on behalf of the Scottish public, is something that will have to be faced up to. In many cases, their governing documents would suggest that those collections should go to either the local authorities or our national organisations. It would not be easy for those organisations, which

are already struggling, to be in a position to accept them.

I am sorry that that is bleak, but it is the reality.

Museums Galleries Scotland, which is the national development body that supports the sector, distributes funding, but we support the sector in many other ways as well and we grew during Covid to be able to support the sector. Our activities, particularly with grant making, got larger. The cuts that we are looking at now are not the 2 to 5 per cent that is being billed but more like a 30 per cent cut in our budgets for next year. Our ability to support a sector that perhaps has never needed us more is definitely a major challenge.

We have increased our work to support the sector in its journey to net zero and we have increased our work to support fair work practice in the sector, but those things, which are so important, were additional to our core grant activity and are now at risk.

We are a very agile organisation and have worked hard to reduce our costs. One of the things that we did in the past year was to move our offices. We have made a 67 per cent cut in our running costs on that basis. We have very little left by way of efficiencies to make.

That is a summary of the situation as I see it.

Alex Paterson (Historic Environment Scotland): I repeat what my two colleagues to my left have said.

To come back to the three points that you asked about, you asked about the impact of Covid. We might think that Covid is away now, but it is not. It is still here and its impacts are still being felt. We did some research in the historic environment sector at various points over the past two or three years and have been able to track its impact. Fairly obviously, when 80 per cent of the tourism market packs up and goes home, there is a very direct impact on the sector.

In our organisation, £53 million disappeared from our budget when global tourism stopped. We projected that it would take at least until 2025 to get back to where we were pre-Covid. Recovery has probably happened a bit faster than we had anticipated and visitor numbers at our sites across Scotland are ahead of where we expected them to be. On average across our sites, we are probably now back to close to 60 per cent of pre-Covid figures, which is good to see, and a lot of that has been driven by the return of international visitors over the past six months. That was a big hit on us and the ripple effect was felt through the sector as well.

Just when we thought that we could see some green shoots of recovery starting to appear, albeit that we were not in any way back to where we were in 2019, the cost of living crisis came through. I chaired a meeting with my opposite numbers from across Europe back in May at which we were asking, “What does looking after culture and heritage post-pandemic look like?” One of my colleagues said, “Covid is not the issue now; it is the cost of living.” For a sector that is very fragile after surviving the past couple of years, this is a double whammy, which is very concerning. The support for the sector that was there through Covid is not there at the moment.

The cost of living impacts in a number of ways. The most obvious thing is costs. I can see it, our different organisations all see it and the sector sees it. There are material cost increases, and major projects are difficult to take forward because we just cannot pin down costs, and contractors will not commit to future costs or prices with any degree of precision.

We are looking at the moment at potentially a quadrupling of our energy bill. Although other things might intervene to limit that, it would mean going from about £1 million to about £4 million in energy costs. Whenever we arrive at an outcome with the wage negotiation, that is an extra cost.

Fixed costs are increasing even if we do nothing, but it is not just the fixed costs; there are other costs there as well. We run a grants programme and a lot of our grant recipients are now coming back to say that all these issues are hitting them. Their projects are being delayed and potentially cancelled, but the costs are increasing.

The cost side of things is a concern, but the income side of things is a concern as well. We did some research a couple of weeks ago that showed that 65 to 70 per cent of people in the UK are already cutting back on disposable income spend. Going to a museum or a historic attraction falls into that category. We are aware that disposable income might not be as much as it was before and that people will have to make choices. The upside is that the exchange rate at the moment perhaps makes tourism for international visitors a bit cheaper, but that is a very slim silver lining given all the challenges that we have.

What does all that mean going forward? It means that the Scottish Government’s budget will be under even more pressure to address the wage settlements and the other costs. That will feed through to grant in aid funding for us and other organisations. We had the resource spending review and the capital spending review a number of months ago, which was helpful in giving us indicative budgets going forward, but they are indicative and the world has changed a lot in the intervening months. Although I can look at what is happening in the visitor market and see signs of recovery, which is positive from our point of view in terms of income, there are challenges in how

much grant in aid will be available to support what we do.

A final comment is that about 36 to 38 per cent of our budget pre-Covid was funded by grant in aid and the rest was funded by commercial income. That is quite a challenge and quite an exposure, frankly. It will take a while to get back to that level, but with expectations on the Scottish Government budget being limited, even maintaining that level of support will be quite challenging.

We are in the same boat as my two colleagues to my left here, with costs increasing and income improving but with a high degree of uncertainty. What gives in all of that I guess is the question that we are asking ourselves at the moment.

The Convener: Thank you. We will move to questions from the committee.

Jenni Minto: That was very sobering—I think that we used that word when we took evidence last week, as well. I will throw back to you the question that you just asked. Given this crisis, how are each of your organisations looking at the way that you operate?

Lucy Casot, you talked about small museums that had perhaps been planning capital work that would reduce costs but have found that the costs are increasing because of the cost of living situation. I was also reflecting on your point about warm spaces, which I think impacts all of our witnesses. Across my constituency of Argyll and Bute that is what local organisations have been looking at. If those spaces are impacted, where are people going to go? I suppose that that also touches on the wellbeing of people in Scotland.

There are a few topics there to explore. You have all touched on them, but I would like you to expand on them.

Lucy Casot: The question of what gives is a difficult one. Of course, we are talking about a lot of different organisations, so there will be different choices, but they are all difficult choices and my fear is that what gives first is all the activity that animates the collections. We have talked a lot about the potential for museum collections and activities to help with health and wellbeing, and it is often that programming that delivers equality, too, because there is programming around different ways of accessing collections for young people, families, and children with autism, for example. Those are the programmes that are the easiest things to lose, but there is a great cost to that—there is an opportunity cost and a loss of all the ground that has been gained in terms of experience, sharing of practice and so on. I worry about that because those who perhaps need those collections the most have to have something in place that opens the collections up to them. If that is not in place, you will end up with an audience that is much more made up of the people who are already confident about accessing those services. I think that that is a big risk.

Our organisation is looking hard at what is the most important thing that we do. Is it the services that we provide? What can we pause? We are looking at things such as our recognition programme, for example, to see whether there are some activities that we could put on pause in order to focus on the most urgent needs. You may have seen that we paused our grant-making programme for now, so we have £750,000 left and 440 museums in difficulty. We want to be very careful about how we spend that.

During Covid, one of the important things that we did was open up our funding to non-accredited museums. Some museums meet those professional standards, and a really important part of the work of the sector is encouraging those standards. However, there are also a large number of important community-level museums and volunteer museums—one that provide a fantastic service and asset in communities, often by telling the stories of those places and being part of the unique identity of those places—that cannot access our funding at present because we have returned to our pre-Covid funding programmes. That is a huge challenge in relation to the question of what we value. It is difficult to say. Do we value the most important collections or do we value what those museums bring to their communities? We are thinking hard about those issues and are talking to our colleagues in Scottish Government. However, £750,000 is not going to solve the problem, so we will need to make those difficult choices. We have not quite resolved that yet.

10:30

Jenni Minto: Sir John, in your introduction you talked about people making decisions about how they were going to spend their money. On Monday, we had a round-table session with various community groups and the stark point was made that people will look at £20 and try to think about how they are going to spend it. I ask you the same question that I put to Lucy Casot. What are you looking at with regard to the way in which you operate?

Sir John Leighton: As Lucy Casot has said, the first thing that gives is programming and the activation of the collection. The difficulty with that, of course, is that not only do you cut back on the offer but that then has an immediate impact on your ability to generate income, so you get into a vicious downward spiral.

If we do not do exhibitions, for example, then we do not benefit from the exhibition tax credit, which

has been so helpful. If we do not have people coming through the doors and we do not get donations, we do not get gift aid and so on. Membership, which has been an important form of income for us, is highly dependent on the form of programming. If there is no offer that people want to pay for or see, why should they become a member? That side of your activity very quickly comes under pressure.

Certainly, we are modelling different forms of opening hours—for instance, closing a couple of days a week at certain sites, perhaps having a partial closure of a site or closing one site for extended periods. Can we earn more income? Yes, we can always push that hard, but we have been pulling those levers quite hard for the past decade. Can we cut more costs? Yes, every organisation can cut costs, and we have been doing that: we have been running shared services with the National Library of Scotland and with National Museums Scotland and, this year, we ran our second voluntary exit scheme this year—in two years, we have said goodbye to more than 40 staff. The creativity in that regard begins to run out after a while.

Alex Paterson: I think that, during Covid, we were all forced to revisit what our priorities were, and we were very fortunate to be assisted by the Scottish Government increasing our grant in aid when 85 per cent of our commercial income disappeared like snow off a dyke.

We have been pulling back on some of the things that we do and, to be honest, I think that that is just business as usual now. With regard to how we might deal with the challenges that we see coming down the track towards us in relation to the cost of living implications, the first thing is to focus on the core business, which means that things that are nice to do but not essential to do will not be prioritised.

As Sir John said, the core business is critical. If we cannot open some of the castles, that affects the income that flows in, due to the impact on the membership offer and so on. Looking after the core business is really important.

We have to find ways of continuing to invest because a lot of the things that we look after are, by definition, historic assets and they were there long before us and will see all of us out. However, they need investment. A short-term pulling back in that investment has long-term implications, not only in terms of capital costs but in terms of things such as skills. The sector faces a huge crisis just now in relation to traditional skills such as stonemasonry. Whatever the short-term budgetary challenges are, we need to find creative ways of continuing to invest. If we take a short-term view, we will end up with long-term challenges.

I think that what a lot of this is leading us all towards is asking some pretty tough questions about what the strategy will be for some of the sectors that we look after or are involved in. Are the strategies that were right or possible in the past still possible going forward? Some of those bigger strategic discussions are quite important.

I would just offer two other quick thoughts. I know that my organisation is perhaps in a slightly different position than some organisations in the sense that we have commercial opportunities, but the parameters within which we are asked to operate through our framework agreement with Government do not allow us to pull some of those levers particularly easily.

Although we have a real challenge, I think that there are some opportunities that we would like to look at. How can we encourage more incentivisation to do certain things without it necessarily having an immediate negative impact?

Another point that I would make—I would say this whether there were a cost of living crisis or not—is that we need to change the narrative around what we as a sector collectively do. We are called Historic Environment Scotland, so people think that we work in the past, with the past. Yes, we do, but what we do is as relevant to today and tomorrow as it was all those years ago.

We have to see culture and heritage and historic environment not as nice-to-haves but as being actually quite fundamental. That is why, in our submission, we did not say too much about us. Instead, we talked about the contribution that our sector makes to the economy through income, tourism, jobs and the procurement trickle-down to lots of small businesses, and to the wellbeing agenda. In other words, what we all collectively do is not in a nice wee box, packaged off to leftfield; it is fundamental to many of the Government priorities, but it does not get seen in that narrative context.

The final point that I would make is on the ambition around net zero and climate change. If we could address the problems of historic properties—not castles and standing stones, but the 20 per cent of the buildings that people live in, go to school in, work in and are in hospital in that are pre-1919 buildings, which is the definition of a historic property—by retrofitting them, reusing them and making them energy efficient, a lot of the challenges we have around net zero would be met.

That is why what we do and why investment in the historic environment—not just in my organisation but in the sector—is important. It contributes to the agendas of today: climate, net zero, wellbeing, inclusion, education, economic development and community wealth building. We

need to change the narrative from saying, “We get the crumbs that are left at the end of the table,” to, “This is core to what we are trying to do to build a better Scotland”.

Jenni Minto: A few of us attended the international culture summit in the Parliament during the summer, and that was the key message that came out of that from across the world, so thank you for that.

Mark Ruskell: Alex Paterson, I would like to ask about the particular issues around managing the historic assets that are under your care, particularly with regard to the masonry issues at the moment. We have had a submission from the Institute of Conservation, which said:

> “There has been a lack of investment ... for many decades”.

That means that this is not a Covid issue or a cost of living issue but one that has been evolving over time. The submission also said:

> “the burden of maintenance and repair is increasing.”

Do you recognise that the issue is having quite an impact on certain communities now? I use the example of Dunblane, where the graves at Dunblane cathedral have been fenced off for the best part of two years, and it is starting to make the historic quarter of the town look quite dilapidated. There is a lot of frustration about the impact on the surrounding community. It is a difficult issue, but do you recognise that? Do you see a way out of that situation? Some of our historic assets now are effectively being frozen and it is having an impact on many communities.

Alex Paterson: I absolutely see that. One of the things that I have done a lot in the past few weeks and months is go around many of the communities that have in their midst one of our properties that is either closed or restricted. We acknowledge the impact that the issue is having.

The flip side, I would say, is that we almost had no option but to do what we have done. We have 60-odd sites at the moment where access is restricted—I use the words “access is restricted” rather than “closed” because they are not all closed, and, actually, there are quite a number of sites where access is restricted and the visitor numbers are still good because there is still a good offer. As I said, we almost had no option but to do what we have done, for the simple reason of risk to life. We embarked on a project to look at the life safety risk at all our sites, which comes in various forms—it involves gravestones, trees, boats and a range of other things—and we wanted to be assured that we had everything in place to mitigate those risks. The last thing that we want is for anyone to suffer an injury or worse at any of our sites.

One of the components of that—we call it the tier 1 programme—was high-level masonry. The way in which high-level masonry had been inspected in the past—we are talking about buildings typically without roofs and with high walls and so on—involved either an inspection from the ground or inspection by drone. However, neither method gave us the level of assurance that we needed. so, we carried out pilot work at four sites and we found out that, yes, we had an issue that we had to face. That issue is down to many things. It is down to a lack of investment over decades and, as my technical colleagues would say, the exposure of some of the sites to climate change—that is not the full cause but it has accelerated some of the decay that we have.

I spoke to lawyers ad nauseam about the issue and their advice was, “If you think there may be a risk, you have to assume there is a risk and you have to act on that”. One of the toughest decisions that I have had to take in this job has been to put restrictions in place at a number of sites until we can be assured that the sites are safe.

I would say that more than 80 per cent of our sites are still open and are still accessible—the narrative often is, “All your sites are closed,” but that is not true. We have embarked on and are well through a programme of inspections to see what the challenge is and what we need to do to get those sites back open.

We have been able to reopen a number of sites, but the inspection programme will run through the winter or run into next year. Until we have done the inspections and know what we are facing, it is difficult to know what the solutions are. On some of the sites that we have inspected, we have been able to fix small problems as we have gone along. St Andrews castle is a good example of that approach, and the site is now reopened.

We recognise the impact that the issue is having on communities, and that is why I have gone out to speak to a lot of communities about how we can work together to address the challenges that our closures or restrictions are bringing. Three things have struck me in those conversations. First, the communities do not like their sites being restricted any more than I do. I have been up front and honest and have explained why we have done what we have done and what we are doing to try to address it, and that has been appreciated.

Secondly, we have explored with them how we can work together, and that has been a very productive and fruitful conversation. There are things that we can do with local communities, short of our sites being fully open, to enhance the offer and provide opportunities in those communities.

Thirdly, we have ensured that we are not just restricting access and saying, “That is it”. Instead, we have put a fair amount of interpretation into sites, done new things and rolled out a range of digital interventions to try to provide a visitor offer even where the full access to the site is not possible.

I fully accept that this is not where we want to be and that it will take a bit of time to get the whole thing resolved. This is little consolation, but the situation is not unique to us; other heritage asset owners across Scotland and across the world are facing similar problems. It does not feel comfortable sometimes being out in the vanguard of all this, but it is the right thing to do. I could not sit in front of this committee and say that we have decided to leave a site open and somebody has been hit by a small rock falling from a huge height and somebody has been badly injured or worse. I cannot take that risk.

Mark Ruskell: There have been examples where communication with the community has not been ideal. In the example that I gave from Dunblane, there are surrounding museums that are affected by the issue. Maybe you could take that away and consider the consistency of the approach. Everybody understands that there are budget constraints and that we are in a difficult time, but it is important to work with communities so that people understand when something will be fixed and how.

Alex Paterson: I know that we have had correspondence recently on Dunblane. I will take that away and write back to you. I am also happy to meet with the community of Dunblane.

Mark Ruskell: Great—thank you.

I move to Sir John Leighton and Lucy Casot on another issue. I am aware that there has been a programme on Scotland’s colonial history and legacy, which has been a detailed piece of work for museums and galleries. One of the recommendations from that is the principle of culturally important objects being potentially repatriated, and there being restitution. Is that work progressing with your institutions and, if so, how? Repatriation could be an opportunity to strengthen cultural links with former colonial countries and communities in the way, for example, that was achieved with the repatriation of the ghost dance shirt nearly 20 years ago, or it could be seen as losing attractive assets from collections. I am interested to know how that work is progressing.

10:45

Lucy Casot: Museums Galleries Scotland was asked to lead the empire, slavery and Scotland’s museums project on behalf of the Scottish Government after a vote in Parliament committing to having a slavery museum for Scotland. The aim was to consider how best to realise that.

The recommendations are not MGS’s recommendations. An independent steering group, which was chaired by Sir Geoff Palmer, spent 18 months looking at the issue and coming up with the recommendations. Behind that, there was a huge amount of research, with nine different strands, involving the museum community and public attitudes. There was particularly important research with the communities who are most at risk of exclusion and those who experience racialisation and the legacies of slavery and empire. The recommendations are therefore well founded.

The sixth recommendation is on the collections and the issue of potential repatriation. There was a recommendation about the Scottish Government taking a position on that, which we welcome, but we have not yet had a response from the Scottish Government to the recommendations.

In the meantime, there have been a number of cases of progress being made by individual institutions. You may have seen that the University of Aberdeen repatriated a Benin bronze to the kingdom of Benin. The Glasgow museums have repatriated three different collections to different communities, and other cases are actively in progress.

We are starting to see more progress in the area. You are absolutely right that there are opportunities to create connections, to make that part of our cultural diplomacy, and to share skills. It is not always about returning objects. A range of things can happen, such as sharing expertise, sharing access and so on. The issues are complicated, but there is a recognised process to go through in identifying the right owners of the objects.

We are aware that there are a number of objects in our collections that have been unethically acquired. I say “our” collections, but MGS does not have any collections. For us, it is a matter of supporting museums and galleries to find the right advice and process, and the sharing of the good practice that is evolving in Scotland.

There is good practice, and there are live cases involving the universities and national museums—certainly, the Glasgow museums are doing that, and the Royal College of Surgeons in Edinburgh has returned items as well. We are starting to see progress, which is welcome.

Sir John Leighton: We support the excellent work that Museums Galleries Scotland has done, and the report of the steering group makes excellent reading. The nature of our collections is such that—touch wood—I am not expecting any

claims for restitution, not unless people start to want impressionist paintings to be returned to northern France, but I think that we should be all right in that regard.

However, an important issue for us is that of how we present and interpret collections that may have connections with empire or our colonial history. I suppose catalysed by the Black Lives Matter movement, we have all become aware that we need to be much more active in tackling issues of equality, diversity and inclusion across our collection, who we represent in the collection, and how art across time is presented.

A couple of years ago, we embarked on a complete programme of reinterpretation of the collection, starting with identifying objects where we had perhaps been very neutral in presenting them and looking again at trying to produce a more layered interpretation. There are balances to strike. For example, if you are presenting a portrait of David Hume, you can of course draw attention to his views on race, which are certainly now, and always were, unacceptable. However, you also have to point out that he was a great philosopher and had a huge influence on the pattern of western thought.

Striking the balance is sometimes difficult, and the path to virtue in these issues has become quite narrow. I think that we are fortunate in this country that the issue is perhaps less politically loaded than it has been for our colleagues down south. We are taking those actions with the support of Government and with broad support from communities and, I am sure, people round this table. As I say, getting those balances right is tricky.

There is great work going on and, as Lucy Casot pointed out, there are active cases. That is happening across the world. I am a trustee of the Rijksmuseum in Amsterdam, which is part of a consortium that is dealing with similar issues about the colonial past in Indonesia. The issue is not restricted to this country; it is Europe wide.

Mark Ruskell: My final question is on a very different topic. Last week, we had evidence from cultural organisations that pointed to where they may find additional sources of income. A number of the organisations pointed to the potential to use a transient visitor levy to raise money directly for culture. Have you had discussions with local authorities and others about that?

Sir John Leighton: When there was consultation on that through the City of Edinburgh Council, we got involved in that dialogue. We are broadly supportive, with the caveat that the moneys should flow back into cultural provision and not into dealing with potholes. However, we are supportive of the measure. It has been shown to work in other European centres, so why not here?

Alex Paterson: We submitted evidence to that same consultation. There is a balance to be struck, and it is a fine one, between increasing investment and making sure that our tourism and hospitality sectors remain competitive.

We offered some thoughts, which were more about the design of a scheme. We should make sure that any income that is raised is reinvested in the sector and is not put into a pot, and there needs to be transparency as to how that would be done. The tourism and culture sectors need investment—that is not in doubt—but we have to make sure that we do it in a way that does not disadvantage or make our tourism industry uncompetitive or perceived to be uncompetitive. Our view was more about the design—the principles of the scheme would be important.

Lucy Casot: We support the idea on the same basis. It is about where that funding goes. If it is used as a source of income generation, that would be welcome. We have to recognise the value that our sector brings as a draw for visitors in the first place. Our cultural assets are an enormous draw for visitors to Scotland. It could be a virtuous circle if it was done right.

Maurice Golden: I will start with a specific question for Alex Paterson, which follows up on Mark Ruskell's initial question. At Arbroath abbey, there has been no access to the abbey itself for years now, as it awaits high-level masonry inspections. Clearly, that will have an impact on tourism in the Arbroath area. What are the timescales for the next stage beyond inspection and thereafter when might the abbey be able to open up fully? If you do not have the details, I am happy to receive a written submission regarding that.

Alex Paterson: Thank you for giving me the get-out-of-jail-free card. Arbroath is on the inspection list, but I will write to you formally with the timescale. We have tried to do what we can at Arbroath. We have opened a new visitor centre there and there is the scriptorium, which has opened recently. To go back to the point that I made earlier, where we can offer some experience, we are trying to do that. However, you are right that we need to complete the full inspection at Arbroath. I will write to you to give some more information about the timescale for that.

Maurice Golden: Thank you—that would be useful.

This morning, we have heard from Sir John Leighton about energy costs doubling, from Lucy Casot about the 30 per cent cut in budget, and

from Alex Paterson that visitor numbers are just 60 per cent of pre-Covid levels.

As well as that context, there is the requirement to meet net zero, which has costs. There is a fantastic example at Holyrood lodge, which I visited earlier this year. Historic Environment Scotland has done some great work, but it is quite niche, and it is difficult to get contractors. Have you at least assessed the costs of achieving net zero through the building infrastructure? Thereafter, how on earth will we ensure that net zero is achieved?

To give Alex Paterson a break, I will start with Lucy Casot.

Lucy Casot: The simple answer is no—we do not have an assessment of the cost of doing that. To be honest, there is no sight of where the funding would come from, so we have not prioritised that exercise.

It is important to recognise that the issues that we are having with access to sites such as Dunblane, Arbroath and the other sites that Alex Paterson has been talking about is the historical lack of investment. If we are not able to invest in our properties, we will see such problems and closures.

Certainly, as an interesting contrast, an assessment was done south of the border in relation to museum estates and the need to adapt them, and there is now a museum estates development fund in England of £200 million a year. Our capital investment fund is £200,000 a year across more than 400 museums, so we simply cannot address the challenges. I do not see where the budget will come out of culture, and I do not see where it is coming from elsewhere either.

It makes perfect sense to invest in buildings and to adapt them. The net zero transition is absolutely essential, but I do not see where the answer is at the moment. We would be happy to try to do an assessment of the cost of that, but I do not see where the funding is coming from at the moment.

Sir John Leighton: Some years back, we were one of the first national museums in the UK to employ an environmental sustainability officer, so we have costed the required investment for our various grade A 19th-century listed buildings to put them into shape towards the path to net zero. That would be substantial and would be over a number of years, but as yet funding for that is not identified.

In our environmental response plan, there are three headings. There is what we can do as an organisation to become more environmentally efficient on our path to net zero. There is what we feel needs to be done—this will resonate with Mr Paterson—to deal with the anticipated increasingly dramatic impact of climate change and what we need to do to protect the collections.

The third and very important strand is how we can play our part in raising awareness of the issues. For example, that can be through the artists and the programming that we have. We work extensively with contemporary artists who I tend to regard in some respects as the canaries down the coalmine of society. They are often the people who respond earliest and first in very creative and imaginative ways to issues that are deeply relevant. Many of our artists are very involved in climate issues, so working with them and giving them a platform is an important part of what we do.

The impact of climate change is already being felt. Just two weeks ago, we had quite a dramatic flood in the Scottish National Gallery of Modern Art as a result of the downpours. That is happening increasingly, so the collections are increasingly at risk. Short of fire, there is nothing worse for precious collections than water. That is an increasing risk, and that will resonate right across the sector and will, I am sure, be multiplied hundreds of times in the historic environment.

11:00

Alex Paterson: As an organisation, whenever we look at improving the condition of our sites, we look at energy efficient ways of doing that and net zero options. The most recent one, which you might have seen, was the introduction of solar panels on the roof of the national war museum at Edinburgh castle. That is a small contribution, but it is in the right direction. As an organisation, we are investing in net zero and climate change activities. We have a fairly extensive climate action plan, which is steering our direction in that.

On the wider point about whether we know how much it would cost to make the historic environment sector net zero, I suspect that my climate change team has a figure or can give some estimates so, in my lengthy letter to you, I might give an indication of that.

We have been trying to work out what needs to be done, partly in relation to cost and partly in relation to another thing that I will mention again, which is skills. It is one thing having the aspiration to make the buildings energy efficient and wind and watertight and so on, but we do not have the skills out there. Most construction companies do not have skills in their companies to work on traditional buildings.

In the past couple of weeks, we have just had our biggest intake of stonemasonry apprentices for a number of years. That is partly because some of the colleges are pulling back on provision but it is also because it is not just about fixing castles,

standing stones and all these things—it is about the houses that folk live in. All the aspirations to be energy efficient and net zero go out the window—excuse the pun—if buildings are not repaired and maintained to the correct standard. That investment in skills is really important.

I go back to the policy drivers on net zero and the climate. I used to work in economic development, and I can understand entirely why wind turbines, offshore wind farms and wave and tidal power are important but, until we address the issues of reuse and the need to retrofit energy efficiency measures in traditional buildings, we will not make the progress towards net zero that we as a country aspire to. From a policy point of view, it is really important to incentivise and encourage investment in that activity.

My final line, which I always mention, although it is not within the Scottish Parliament's gift to do anything about it, is to ask why there is 20 per cent VAT on repairs and maintenance to listed buildings when new build is VAT free. That is 20 per cent that could be taken off the cost if that incentive could be addressed.

That is a long answer to your question. I will come back with some parameters on the costs for the historic environment.

Maurice Golden: I have a final quick question. Today, *The Courier* has reported that benches outside the McManus art gallery and museum in Dundee's Albert Square have again been destroyed by vandals tearing strips of wood off the structures. Are there any instances of criminal activity or vandalism that you have had to cope with? I am expecting the answer to be that the level of such activities in your buildings is low or non-existent.

Sir John Leighton (National Galleries of Scotland): Sadly, yes, that does happen. Recently, a sculpture in the grounds of the Scottish national gallery of modern art was damaged by graffiti. The surface is delicate and it is probably impossible to remove the traces of that graffiti. Happily, such instances are rare. You are dependent on self-policing, particularly when you put sculpture into the public domain. I do not mind people putting pink bras on the Antony Gormley sculptures in the Water of Leith—that is fine—but physical damage is another thing.

Alex Paterson: Heritage crime, which would encompass that, has been increasing year on year for quite a few years now. That ranges from the deliberate to the completely innocuous and unintended. We have vandalism, occasional fire raising and antisocial behaviour at our sites. Unfortunately, that is par for the course. That does not happen everywhere, but it is more prevalent at some sites than it is at others, and our teams on the ground deal with it

Heritage crime is increasing. We have a good working relationship with Police Scotland and the enforcement agencies are taking heritage crime much more seriously than was perhaps the case in the past. Unfortunately, it happens, but we just deal with it.

Lucy Casot: We do not operate any sites directly, so we do not have that direct experience. It certainly happens and we would provide support where we could, but there is no clear role for us as a national development body in doing so, other than to provide advice if people come to us for that.

Maurice Golden: Thank you. That is very worrying but useful to hear.

The Convener: Mr Paterson, I know that two of my colleagues have asked for more information on areas of specific interest to them. It would be helpful if you could, when responding, cover the wider issues that you have mentioned and copy that letter to the committee.

Sarah Boyack: I echo that point. I was looking at the annex to Historic Environment Scotland's written briefing, which refers to key performance indicators. Most of the KPIs have a green status; some are amber. However, the rating for improving or maintaining the state of Scotland's historic sites and places is red. That really stands out. That issue has been quite a big part of our discussion today.

We used to talk about the need to spend to save as a way of helping future investment, but you are talking about the need to spend to save as a way of avoiding losing buildings. It would be very interesting to get your take on that. The evidence that you gave us is that the historic environment is not just good for who we are. The sector also brings £4.4 billion into the Scottish economy. For example, half our international tourists come to see heritage and 60 per cent of the heritage visits are to Historic Environment Scotland sites.

Will you give us a sense of what you need to do to deliver on that? You have gone through pandemic-related income reduction. You talked a bit earlier about flexibility and the levers that you need. Will you say a bit about public sector funding and then a bit about the flexibility that you want?

Alex Paterson: That is a big question. The red, amber, green diagram that you have relates to the report "Our Place in Time: The Historic Environment Strategy for Scotland". That does not just cover HES; it relates to the overall historic environment sector. However, you are right: that KPI is red. That reflects the lack of investment or

the lack of interventions in the historic environment collectively over time. There is no doubt that the situation has been exacerbated by Covid. Lucy Casot commented earlier that it is repair and maintenance budgets that gives way when cost of living increases start to hit. That just exacerbates our problem.

What flexibilities was I was referring to? I am a bit schizophrenic about that. When Covid hit us, Scottish Government colleagues and ministers helped us out hugely. That help was critical. However, we as an organisation cannot carry reserves across multiple years, and there are other restrictions that we cannot operate outwith.

The upside is that—if this is not unique to us, we are in a small category of organisations to which this applies—we have commercial levers. We have sites that we charge for and we have a subsidiary company that runs a lot of ancillary commercial activities. We think that there are further fundraising opportunities and other partnerships to make, but we operate within those constraints at the moment.

We could try to realise many of those opportunities. However, we have a concern. If that does not help us to invest in the historic environment and to improve the properties, the experience and the outreach and learning that we do, but rather is used to offset a reduction in grant in aid, there would be no net benefit.

We are actively discussing that with colleagues in Scottish Government at the moment. There are upsides and downsides, benefits and so on to it, but that is the flexibility that I was primarily referring to. We think that there are ways in which we could generate income if we had the ability to retain and invest that it into making the historic environment better not only as a physical set of assets, but in individuals and visitors' experience of it.

Sarah Boyack: To be clear, it is not an either/or: you need continued capital investment in buildings and a bit of flexibility. The short-termism of funding is coming across really strongly, given the impact that that has on the whole of our heritage. I will come on to museums and galleries in a second.

Alex Paterson: Yes. Let us be honest: there will never be enough money to go round and do everything that we want to do or any of us want to do. A bit of flexibility in our model would give us a wee bit more scope to do that. That would also contribute to capital investment in our sites. There are all sorts of ways in which that would be beneficial.

In terms of looking forward and budgeting, the reality is that budgets are confirmed annually but that we must plan on the basis of multiyear projects. For our grant programmes, projects are over multiple years. We work on the basis on budgets over multiple years, albeit those are confirmed annually.

I think that it would be helpful—I think that the capital spending review and the resource spending review got us to this—to have indicative budgets over an extended period. That might even just be three years. I just used the phrase "indicative budgets". Even if those were confirmed annually, that would be fine, but also having some sense as to what the parameters might be over a three-year period would give us a bit more of a planning horizon.

That is not just about us. If we had that model, we could apply that to the organisations that we support financially as well. From their point of view, the cost of living crisis is biting right now. Support for the sector must be considered. It is trying to recover from Covid but has now been hit by the cost of living crisis. An indicative budget over more than just one year would undoubtedly give a sense of comfort that many just do not have currently.

Sarah Boyack: Okay; thank you. I want to put that same issue to Sir John Leighton and Lucy Casot. In your written submissions, you both talk about short-termism. I think that the word "projectism" was used—that is, one-off annual spending.

One of the things that we have been taking evidence on is the contribution of culture to health and wellbeing. Both your submissions make quite powerful points in that regard. Will you say a bit more about that? Sir John, your organisation's submission mentions the need for

"determined leadership from the Scottish Government."

We have asked cabinet secretaries about that and their response has been to say, "It is coming at some point". What leadership and investment would be needed to transform what you could deliver?

Sir John Leighton: Those are good questions. I will perhaps take them in two parts. First, is the issue of multiyear funding. I think that we all had high hopes for the spending review that was launched at the end of last year. There was a feeling of, "At last. After years of short-term funding, this would be an exercise that would give us perspective." Unfortunately, that exercise seems in many respects to have been derailed by events. My organisation certainly could not to take anything from the published figures, apart from the conclusion that funding is flat right the way through. That is my interpretation of it.

The unfortunate thing for us is that I regard museums and galleries as intergenerational

organisations. We have a very long-term vision. We have skills, knowledge and expertise that we develop over time. We have collections and estates that have to be nurtured over a long period. We have activities that require years of planning and investment. None of that responds well to short-term cycles of funding. We can always adapt to change and to different patterns of funding, but that takes time.

One of the underlying themes that we have been talking about is that, as a sector that is still in recovery, we need that time to get back to a position of normality. Alex Paterson mentioned that that might take until 2025. We could use that year as a benchmark. We need certainty, to get us back into a position in which we can restore a sensible business model. The lack of certainty discourages investment, deters sponsorship, and stifles innovation and any sense of risk taking. I think that that part of it is clear.

Secondly, on health and wellbeing, the frustration is that we know from our work the implicit benefits of offering safe social spaces—in the present context, offering warm safe social spaces—that people can go to. We also know the potential benefits of targeted programming, whether that is preventative work with disadvantaged teenagers for example, or whether it deals with people who are suffering from disease or forms of physical and mental illness. The evidence is there on that.

11:15

The frustration is that things are fragmented. There is no real sense of any national strategy. As an individual organisation, we keep on doing our thing, which is where the projectism comes in. There are so many different examples of best practice, but none of it is really joined up.

The case for culture's contribution to health and wellbeing is very well set out in the national partnership for culture's report, which includes all the different factors and arguments. The Scottish Government's response to that was published a day or two ago. The message coming from that is, "Yes, it all aligns with what we want to do, but there is no extra funding in the present fiscal context."

I will be brutally frank. I am not interested in any new initiatives or programmes unless there are pounds attached to it. I currently do not have the resource, the capacity, the staff, and we do not have the time to divert energy from what Alex Paterson described as core business. A lot of it sounds as though it is still rotating in mid-air; it is rhetorical and very aspirational. I do not see any changes happening on the ground.

Sarah Boyack: Thanks. That is really clear. Given the comments that Jenni Minto made about the situation being "sobering", your answer reinforces the need for money now and clarity going forward.

Lucy Casot, it was striking that you referenced 440 museums in Scotland and those organisations' capacity to cope with the cost of living crisis and keep the doors open. Do you want to say a bit about multiyear funding and the need for more funding generally to get through this?

The Convener: Before you answer, Lucy, I am conscious that we have only 10 minutes or so left, and I still have another member who wants to come in, so if you could be concise in your answers that would be helpful.

Lucy Casot: The reality is that our grants budget is £900,000 of revenue and £200,000 of capital across those 400-plus museums, so it is difficult to do anything substantial with that. The maximum award that we can make is £60,000, and that is an annual budget. It is a very different position from that in the arts sector, for example, where there is the possibility of three-year funding deals and so on. That is simply not available to the museum sector.

We are not unrealistic about the fact that change will have to happen in the sector, but the trouble with one-year budgets is that you tend to try to preserve what you have. You cannot have that longer vision, because you are thinking about how to save the thing that is in crisis today—and then the next day something else is in crisis. We need to see that change, and we need more collaboration and more integration.

We just funded a lovely project in which four museums came together to appoint a member of staff that they share in common. That is a great idea and a model that would be possible elsewhere. It was the result of long-term partnership working that was already established.

That is where investment is needed. If you have a longer-term vision, you can see how some of those things might become possible. That would be the greatest benefit if we had longer-term funding and could make project grants over a slightly longer time. We could also make grants to groups of museums, potentially.

We talk in our submission about civic museums. They could have potential to collaborate on some services that are not affordable to everybody, and they could collaborate on conservation or storage of collections.

It takes that bit of investment to make that change so that strategic planning actually happens, as opposed to organisations trying to plug the gaps, which is where we are at the

moment. There is a real concern and there would be a great opportunity if we could see longer-term funding, as we would be able to be more strategic about the change that will come. It is not realistic to think that we can save everything and we must not be naive about that.

Alasdair Allan: I will be brief. I am afraid that I am coming back to Alex Paterson again. I hear and I absolutely appreciate what you are saying about the inflationary and other pressures that are applying to you, the whole public sector and the Scottish Government itself. People can readily appreciate what you are saying about them.

I had vowed not to mention any building in my constituency but, as almost everyone else has, I will, I am afraid, again mention something that we have corresponded about, which is one of the most iconic buildings in Scotland, Kisimul castle, and the fact that it is not open to the public.

More generally, you said that 60 buildings had restrictions on opening at the moment. Given—or despite—the pressures, is your organisation in a position to lay out a plan or timescale as to when you would get as near to full opening as possible?

My other question is related to that. You mentioned, rightly, the importance of spending to save or to not allow problems to grow. Are there certain maintenance risks associated with buildings being closed?

Alex Paterson: We are trying to fix up another meeting on Kisimul. All that I will say here is that we have had technical teams and visitor teams out to look at what the art of the possible is in Kisimul. We will pick that up separately.

On the timescale for site openings, that is awfully difficult, and I will tell you why. Until we actually do the inspections and find out the scale of the challenge—whether it is great or small—it is difficult to know what the timescale is. I suspect that, with some of the sites that we inspect, we will know that we have quite a big task, and we may have restrictions in place for a period of time while we develop a scheme to consider them.

There are other sites—St Andrews castle, which I mentioned earlier, Burleigh castle and others—where we have done the inspections and we have been able to open them because there were no issues or because the issues were quite minor. Trinity house is opening again quite soon.

That is an inadequate answer, because the answer is that, site by site, we need to see what the inspections throw up before we can plan what maintenance and repair is required and, therefore, what the timing for opening will be.

It is the question that I am asked most often: when will my site be open? I can do no more, I am afraid, than to say that once we have inspected, we will then know what that might look like.

The Convener: That was quicker than I thought it would be. Are there any final questions in the last few minutes that we have?

Sarah Boyack: It would be good to get that list. I think that about 20 per cent of our historic buildings or sites are not able to open at the moment, so it would be useful to get the scale of the issue. It is a fundamental issue, as it is not just one or two areas that are affected. Dealing with the issue is significant in terms of rebuilding tourism and restoring our culture.

I recently asked about employment issues in Historic Environment Scotland, and it came out that there was a real issue in terms of gender and pay. What are you doing to improve opportunities in the sector, particularly for women? I think that women were doing okay in band C and one right at the top but, in all the other bands, women were doing less well in terms of employment opportunities.

Alex Paterson: We do not have an issue with our gender pay gap, because it is really small. There will be a difference in the gender profile across some of the roles that we have. For example, a lot of our monument conservation unit teams—our colleagues who are out on our sites, maintaining and looking after them—would predominantly be male. There is a profile difference across some of the roles. However—I am saying this off the top of my head—I do not think that we have a major issue in the male-female gender split across the organisation.

On what we are trying to do about it, where we have, for example, an imbalance in the gender profile—such as in our conservation teams in particular—we are encouraging female apprentices and others to come and join us. We have a number of female craft fellowships who have joined us recently.

I will take the question away and ask it of my people director, but if you asked me whether we have a major problem in terms of either gender balance or the gender pay gap, I would say that I do not think that we do.

Sarah Boyack: It would be good to get that feedback to compare with the stats that your team gave me earlier. Thank you.

The Convener: That concludes questions. I thank our witnesses for their attendance. We have a final evidence session on the budget next week, followed by a session with the cabinet secretary on the evidence that we have taken.

Meeting closed at 11:25.

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