

# **EDUCATION, CULTURE AND SPORT COMMITTEE**

Tuesday 23 November 1999  
(*Morning*)

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## EDUCATION, CULTURE AND SPORT COMMITTEE

### 9<sup>th</sup> Meeting

#### CONVENER:

\*Mrs Mary Mulligan (Linlithgow) (Lab)

#### COMMITTEE MEMBERS:

Karen Gillon (Clydesdale) (Lab)

\*Ian Jenkins (Tweeddale, Ettrick and Lauderdale) (LD)

\*Mr Kenneth Macintosh (Eastwood) (Lab)

\*Fiona McLeod (West of Scotland) (SNP)

\*Mr Brian Monteith (Mid Scotland and Fife) (Con)

\*Cathy Peattie (Falkirk East) (Lab)

\*Michael Russell (South of Scotland) (SNP)

Mr Jamie Stone (Caithness, Sutherland and Easter Ross) (LD)

\*Nicola Sturgeon (Glasgow) (SNP)

\*Ian Welsh (Ayr) (Lab)

\*attended

#### WITNESSES:

Lorne Boswell (Equity)

Simon Crookall (Royal Scottish National Orchestra)

Donald Macdonald (Scottish Chamber Orchestra)

Roy McEwan (Scottish Chamber Orchestra)

Drew McFarlane (Equity)

Paul McManus (Broadcasting, Entertainment, Cinematograph and Theatre Union)

James Miller (Royal Scottish National Orchestra)

Ian Smith (Musicians Union)

William Sweeney (Musicians Union)

#### COMMITTEE CLERK:

Gillian Baxendine

#### ASSISTANT CLERK:

Alistair Fleming



## Scottish Parliament

### Education, Culture and Sport Committee

*Tuesday 23 November 1999*

*(Morning)*

[THE CONVENER *opened the public meeting at 09:43*]

### National Arts Companies

**The Convener (Mrs Mary Mulligan):** Good morning. I welcome our witnesses to the meeting. As you will be aware, the committee is conducting an inquiry into the national arts companies; we have invited you to contribute to that. Next week, we will be hearing evidence on the possibility of a national theatre for Scotland, so we are aiming for a wide-ranging debate. I ask the representatives from the Royal Scottish National Orchestra to give their presentation first.

**Simon Crookall (Royal Scottish National Orchestra):** For more than 100 years, the Royal Scottish National Orchestra has been a major force in music in Scotland. We were the first national company and our orchestra has introduced generations of children to classical music. We are proud of our reputation for the highest quality of work, as demonstrated by the huge number of concerts that we give each year. We have an audience of more than 150,000 people annually and a broad repertoire that encompasses everything from classical music to music for film and the Broadway stage. We have an international reputation through our recording profile and our touring. We have always recorded classical music and recently we have recorded film music, which has earned us great fame in America.

We conduct groundbreaking education work, which is described more eloquently than I could do in an article in *The Herald* today, which I am sure you will have read. We have worked in nursery schools and in communities across the country.

We project a balanced budget for the current year. At its meeting last week, the board projected a surplus of £373. We do not yet know how we will spend such a great sum. We have been able to balance the budget only by cutting much of the innovative work that we used to do, by ceasing to give concerts outside Scotland and by pushing the income targets from ticket sales and sponsorship to the absolute limits. We are no longer able to be as innovative as we want to be or to take artistic

risks in our programming.

**James Miller (Royal Scottish National Orchestra):** I want to make it clear that I am involved in the orchestra as a result of my business experience, rather than of my artistic knowledge.

The first year in which I was involved with the budgeting—last year—was, frankly, unsuccessful. There were three reasons for that. First, we were ambitious and, as Simon Crookall suggested, ambition costs money. Secondly, the move from the Usher Hall reduced our audience by about 400 or 500 persons per concert, which we had not anticipated. I am sure that members of the committee will be aware of the problems of the Usher Hall—we are glad that something is being done there. We are looking forward to getting back into what is a first-class concert hall so that, on a Friday night, we can accommodate more of the people of Edinburgh. The third reason—which is often forgotten—is that recession was being forecast in the summer of 1998. That affected our audiences.

We have not gone back to the Scottish Arts Council for more money, however; we have cut our cloth to suit our budget. As Simon said, that means that we have cut innovative work and so on. He did not mention the important fact that we have cut the commissioning of new works by Scottish composers and the use of Scottish soloists. The RSNO carries the flag for Scotland, in and outside the country, but everyone agrees that we can afford to go neither overseas nor over Hadrian's wall. We are putting all our resources into playing within Scotland and, although we spread our net fairly widely, it could be spread a little wider.

We have to stretch the money that is available as far as possible. I stress that I am not whinging. The RSNO is doing well and anybody who has attended any of the recent concerts will have seen how popular they have been, from last weekend's Hollywood spectacular to the more usual classical concerts.

**Simon Crookall:** As the committee will know, we have applied to the SAC for advancement funding, which is an important development for us. That will mean that we can change the way in which we work and deploy our musicians and resources around Scotland. If our bid is successful, we will be ahead of all other UK orchestras in our strategy.

One of our main worries is that the financial benefits that come to the organisation will be as nothing if our grant is not index linked, as the grants of the other national companies are. The money that we receive might be eaten up immediately by inflation. The other problem is that,

because of previous deficits, we experience a serious cash-flow problem towards the end of every year. Unless we address that soon, we will have on-going cash-flow problems.

**The Convener:** I invite members to ask questions. Cathy Peattie wants to ask about broadening the agenda of the orchestra.

**Cathy Peattie (Falkirk East) (Lab):** I am interested in the educational aspect of the work of the RSNO. As you said, there was a report in *The Herald* this morning, although I have not read it yet—I am not very good in the morning. You mentioned that you were doing work in schools. It is important to us that children benefit from that work. Tell us some more about it.

**Simon Crookall:** Our work in schools is a relatively recent development. Some four or five of our players—of a total strength of 89—are trained to work with teachers in schools. Part of our programme is to train the teachers so that the work can continue when the players have gone. We do a lot of work on compositional techniques and help with the five-to-14 curriculum in relation to listening, performing and creating. More recently, we have started work with nursery children. Next term, we will be involved with a pilot project in east Renfrewshire in which we will help the children to create music and better understand their musical skills.

**The Convener:** We are interested in your work, but we must always return to the issue of resourcing that work. Ian Welsh had a question on annualisation, which your paper raises.

**Ian Welsh (Ayr) (Lab):** Last week, Sandy Orr told us about the problem of dealing with grants on an annual basis and the inability to build up reserves. Are you satisfied with the way in which your budget is articulated by the demands of the Scottish Executive?

**Simon Crookall:** As I said, we project a modest surplus, which gives us no comfort whatever. Our problem is that, even on 1 April, we were projecting a cash-flow deficit at the end of the year of £600,000. That does not change throughout the year—an orchestra such as ours can closely predict expenditure from day one.

Every year, we run out of cash in a big way, which is why we borrow on the next year's grant from the SAC. Our directors had a serious discussion this year about the viability of the company if it were unable to meet its needs at the end of the year.

**Ian Welsh:** Would you rather that the budget was allocated in another way?

**Simon Crookall:** I have not thought of other ways in which it might be done, but the situation is worsened by the carrying of a deficit from year to

year. We have no reserves at all and have no capital invested anywhere.

**Ian Welsh:** I want to explore the issue of the accumulated deficits. Would you expand on that for us?

**Simon Crookall:** We had an endowment trust with large reserves, which were used to fund the company's deficits. An awful lot of money was spent in that way and now the trust has no large balances left. We now draw down the income from what remains of the trust, which works out as £20,000 to £30,000 a year. In the early 1990s, those large reserves disguised the orchestra's problems. Now, there is not enough money in the fund to pay off our deficit, so deficits will be added to the balance sheet.

**Ian Welsh:** Would you like your accumulated deficits to be written off, as those of other companies are?

**Simon Crookall:** I would be very happy if that happened.

**James Miller:** As a businessman, I see this as an important aspect. Everything depends on the basic level of funding. If that is wrong to start with, the problem will grow as the years go by. I have come to this only recently—I have been a director for just three years—but I have seen the importance of that issue grow in my time with the company.

**Ian Welsh:** Why do you think that, of all the national companies, the RSNO is the only one not to have been offered index-linked funding from next year?

**Simon Crookall:** I think that that question would be better directed to the SAC.

**Ian Welsh:** Have you asked that question of the SAC?

**Simon Crookall:** Many times. There has been no satisfactory answer.

Last year was bad for us; we were unable to raise the income that we needed. Expenditure is not difficult for us to track and is generally on budget. Last year, however, we could not raise enough revenue from ticket sales and sponsorship. I think that the SAC was concerned that that might be an on-going problem that we might not be able to address.

We plan to address the issue through the advancement programme. We have talked at length with the musicians and their union about ways of bringing back income that is unavailable to us. At the moment, the orchestra's education programme is separately funded on a project-by-project basis. Any income that is generated is paid out on a freelance basis to the players who take part in the programme because, when the

programme was set up, it was not part of the core work of the orchestra. We want to make it a core part of our work so that we can schedule it more strategically and so that the funding—from local authorities, trusts and sponsors—will come straight into the core funding of the orchestra.

**Michael Russell (South of Scotland) (SNP):** I want to press you on the fact that you have had no satisfactory answer from the SAC as to why you seem to be the least-favoured national company. What reasons have you been given?

**Simon Crookall:** Simply that last year was a bad one for us and that there was a concern that the situation would continue.

**Michael Russell:** Other companies with deficits appear to get extra money. Did you not make that point to the SAC?

**Simon Crookall:** That is why I think that the committee should talk to the SAC.

**Michael Russell:** Other companies seem to argue their case on the basis that they have to undertake certain artistic activities and so must be funded. Your commendable yet regrettable response, however, has been to cut activity outside Scotland and to reduce the diversity of your programme. Having done those things, have you received any indication from the SAC that you will receive extra resources?

**Simon Crookall:** The matter is still under review.

**Michael Russell:** As you know, we are conducting an inquiry into all the national companies and the possibility of establishing a national theatre. If the size of the cake for the national companies is not increased, the national theatre may be resourced only through standstill funding for all the companies, or there may even be a slight reduction. How would you react to those proposals?

10:00

**Simon Crookall:** In the same way in which we have had to deal with the current situation. The programme of work must be reduced—there is no other way about it. We have worked hard to maximise ticket income and to get as much external sponsorship and trust funding as we can. There is not an enormous amount more out there for us to raise incrementally. The symphony orchestra has a large fixed cost. We have 89 players—the musicians' bill is in excess of £2 million a year. The on-going cost of that is hard to meet. If the cake is to be reduced, the work must be reduced as well.

**Michael Russell:** Do you see any prospect for cost-saving through a merger with any other

organisation, as has been planned with Scottish Opera and Scottish Ballet?

**Simon Crookall:** There was a review into that when the merger of the other companies was considered. The conclusion was reached that such a merger was not a good idea.

I do not know whether members are aware of the situation in Bournemouth, where the chamber orchestra and the symphony orchestra have been merged. The only solution there to the long-term crisis is to close down the chamber orchestra. We certainly would not want that to happen here. The synergies between the orchestral companies are much less obvious than those between the opera and ballet companies.

**Michael Russell:** So is advancement funding your only prospect of developing new ways of working?

**Simon Crookall:** It gives a good prospect of being able to revise radically the way in which we work and approach matters, but such funding is not guaranteed, as we have to compete for it.

**Michael Russell:** If you secure the advancement funding, what benefit will it bring in your financial predictions for the next three years?

**Simon Crookall:** The board examined two projections for next year, one of which shows a moderate deficit for the year on the current basis. With advancement funding, which will start to kick in halfway through next year, we can convert that into a small surplus; the following year, it will begin to show benefits that we can feed back into the artistic programme and into the operation of the company.

**Michael Russell:** How accurate are your financial forecasts? If we were to send somebody to examine past board papers and forecasting, how accurate would they show your process to be? That is key to your survival.

**Simon Crookall:** On expenditure, our forecasts are very accurate. Income figures are always targets, however, and we meet them sometimes well and sometimes less well. Income is much more difficult to predict, but we could pretty much tell you on 1 April exactly what the expenditure would be for the year.

**Michael Russell:** You say "sometimes less well". What is the percentage likelihood of your hitting your targets for the year? Do you usually hit them? Do you have a 10 per cent or 20 per cent chance of doing so?

**Simon Crookall:** Last year, ticket income was down by 10 per cent.

**James Miller:** Simon is new to his post, as I am to mine. I was not happy with the forecasting, but it has been substantially improved. You might find

that an odd statement, given that we were unsuccessful last year, but we were unsuccessful in terms of increasing moneys from sponsorship and from ticket sales and not, as Simon may have implied, in getting the moneys. The move from the Usher Hall also had an effect. Such matters are difficult to forecast. I hope that we will be within 5 per cent of our forecast, but that is still a lot of money in terms of our balance sheet. We have some important and experienced directors on the board, and they watch those matters carefully.

**Michael Russell:** Every year, you receive a budget that is drawn up by the chief executive and his team. You accept that budget for the coming year and then receive monthly management accounts. Is that correct?

**James Miller:** We now have monthly management accounts and cash flows, forecasted to the end of the year, and we have budgets going beyond that. Because advancement is so important and will make such a change, we have not gone beyond the year.

**Michael Russell:** So you believe that you have a tight financial system. Would you describe yourself as a financially well-managed company?

**James Miller:** Yes, we are now.

**Mr Kenneth Macintosh (Eastwood) (Lab):** My question is on the same lines as Mike Russell's. Last week, when we talked to Scottish Opera and the Scottish Arts Council, we got the impression—Sandy Orr made the point—that companies such as yours were encouraged to live at the limits of their means, which often meant that they went over those limits. Is that what the Scottish Arts Council encourages you to do?

**Simon Crookall:** I would not say that we are encouraged to do that, but it is the only way in which we can survive and continue to have an extensive work programme. Everything is budgeted down to the last penny on a yearly basis. We do not have any contingencies in our budgets, because we do not have the slack. I would not say that we were encouraged to live at the limits of our means, but that is the way in which we have to operate.

**James Miller:** I think that it is more than that. We try to spend the money that we get, and are going to bring in, to the greatest benefit for Scotland. We have had to cut things that are marginal to return to a break-even situation. If we had the money, we would again run the discovery series, which consisted of modern music by mainly Scottish composers.

**Mr Macintosh:** What you are saying—that you cut your cloth to live within your budget—implies that you are not encouraged to exceed your budget and that you are conscious that you must

not run up deficits. Is that the case?

**James Miller:** Absolutely.

**Mr Macintosh:** Do you get rewarded for that? That is the key point. We are talking about the culture in which you operate. The Scottish Arts Council seemed to let Scottish Opera operate within a culture in which it was encouraged to go over budget. It went over budget time and again, running up a forecasted deficit, but that was thought to be fine.

**James Miller:** The Scottish Arts Council has not encouraged us to go over budget; it has done the opposite.

**Michael Russell:** Has it encouraged others to exceed their budget?

**James Miller:** I do not know.

**Michael Russell:** You do not know? You observe the arts scene in Scotland closely, so do you think that the Scottish Arts Council has encouraged others?

**James Miller:** I read what is in the papers but I do not always believe what is in the papers.

**Mr Macintosh:** Are you treated in the same way as the opera company? Do you feel that the ethos is the same for you, the chamber orchestra and the ballet company?

**Simon Crookall:** We are different kinds of companies. As you know, extensive work was done to find a solution to the problem that existed for the four companies three or four years ago. Ever since James Miller and I have been in post, the national companies have continued to meet. The situation with Scottish Opera is not new or different, but it does not have a lot of relevance for us.

**Mr Macintosh:** Is there something intrinsic to the opera company—something that you do not share—that encourages it to go over budget? Everyone talks about the expense of opera. Is there something about the opera company that means that its deficits are bound to be larger than yours?

**Simon Crookall:** Scottish Opera's financial problems are for it to discuss.

We have always managed to keep quality at the top of our agenda. If we do not have enough money, we do not skimp on the quality; we reduce the quantity of what we do. We are fortunate to be able to do that. In other, more complex companies, the quality is much more difficult to achieve within the budgets that they are given.

**Nicola Sturgeon (Glasgow) (SNP):** On the more general issue of the role of the Scottish Arts Council in the funding process, are you satisfied



with the arrangement whereby the council operates as the conduit for Scottish Executive funds? Would there be merit in a more direct relationship between the national arts companies and the Scottish Executive?

**Simon Crookall:** One of the challenges of the current system is that the budgets of the national companies and the grants that they receive distort the funding pattern. The companies form such a large part of the music budget in particular and the Scottish Arts Council budget in general that we tend to act like cuckoos in the nest, distorting the picture for everybody else. I have not yet heard of a better system than the current one, however, although the issue needs to be considered.

**Nicola Sturgeon:** Will you comment on the operation of the national companies working group? How satisfactory was that and what benefit did it bring?

**Simon Crookall:** It was an enormously beneficial process. It brought the companies together for the first time in a long period. We consistently worked closely together. That has altered a little because of the changes in personnel at the other companies, but the two orchestras now work together much more closely; they co-operate on educational and promotional work outside the central belt much more than they did before. I think that the process was very beneficial.

**Ian Jenkins (Tweeddale, Ettrick and Lauderdale) (LD):** You say that, with regret, you have cut your cloth and now do not do as much innovative work or go abroad. How important is that for the long-term reputation of the orchestra? I know that your recording profile is high, but will it remain so if you do not go abroad?

**Simon Crookall:** Those issues are slightly different. It is great for the orchestra to go abroad and be a cultural ambassador for Scotland. Scotland's reputation in the music world, particularly in America, is made largely through the recording and touring profiles of the two orchestras. That is regrettable, but it could be seen as a slight luxury.

As for the repertoire, it is essential that we can perform innovative work by Scottish composers and by composers from around the world. Our discovery series included premiers of works from across the world—those pieces had never been heard in Scotland before. It is immensely regrettable that we had to cut that this year. It means that we are starving the artistic product and not investing in the future. One of the functions of a company such as ours is not only to employ musicians who are resident in Scotland but to use composers and others who write for orchestras of our kind. We were unhappy about having to cut

that this year—such activity is not a luxury, but an essential part of our work.

**The Convener:** I am conscious of time, so we will make this the last question in this section of the evidence.

**Mr Brian Monteith (Mid Scotland and Fife) (Con):** Like other members, I want to examine your funding. You said in your submission that local authority funding fell considerably—by about £230,000. Was that as a result of reorganisation, or were other reasons given?

**Simon Crookall:** Reorganisation was one of the primary causes. We lost more because we had more. The RSNO was the first national company and we had good relationships with local authorities. We therefore had more funding to lose.

**Mr Monteith:** In your submission, you said that you should break even this year, but today you are saying that you might have a small surplus. Will you confirm that, if there is a small surplus, you cannot retain it?

**James Miller:** We have been told that we can retain it.

**Mr Monteith:** On this occasion?

**James Miller:** Yes. Mind you, we have not made a surplus yet.

**Simon Crookall:** As far as I am aware, there is no problem about retaining surpluses annually; the problem is that we do not make them.

**Mr Monteith:** As I understand it, before 1980, the orchestra often worked with Scottish Opera. If Scottish Opera offered to put on Wagner's Ring cycle, for example, as a co-production, would you consider that as a way of bringing in revenue and keeping revenue in Scotland?

**Simon Crookall:** As you will know, the national companies working group considered that. There was a scheduling problem at the time but, in principle, there was no objection to the orchestra allocating substantial blocks of time to play for the opera and the ballet.

10:15

**Michael Russell:** What is your attitude to public funding of the arts? One of the matters that we raised last week with Scottish Opera, Scottish Ballet and the Scottish Arts Council was whether press speculation about and press attention to public funding was damaging the reputation of the arts in Scotland. What action can your orchestra take to inspire confidence in the use of public funds?

**James Miller:** The main way in which we can inspire confidence is by ensuring that we work to

our budgets and do not overspend. I hope that, in the longer term, we will be seen to be a good organisation that is worthy of support by individuals, by companies and, above all, by Government and the Scottish Arts Council, our major funders. We must gain confidence as we progress and we will do that by being an honest, hard-working group, just as we would do in business.

**Michael Russell:** That is an admirable answer. Thank you.

**Simon Crookall:** By our fruits will you know us, and by the quality of our concert and education work.

**James Miller:** That is what we believe in. We believe that the other high-risk strategy puts 108 people's jobs on the line. Unlike opera or ballet, we have competitors close by in the form of the BBC Scottish Symphony Orchestra.

**Michael Russell:** So it is the competition that keeps you sharp, as well as a responsible attitude to the use of public money that you not only follow, but commend to others.

**Simon Crookall:** Yes.

**The Convener:** That could have been ruled as putting words in people's mouths, but never mind.

**Michael Russell:** They said it, not me.

**The Convener:** Let us draw this part of our evidence to a close.

I now welcome representatives from the Scottish Chamber Orchestra. If they have time, I would be grateful if Mr Crookall and Mr Miller could stay with us, because the point of our inviting representatives of both orchestras was to allow questions or comments on any overlapping areas. I invite Mr Macdonald and Mr McEwan to make a brief presentation before I open up the meeting for questions.

**Donald Macdonald (Scottish Chamber Orchestra):** Thank you for inviting us to take part in this morning's discussion. I assume that members have seen the brief notes that we have prepared, which give a thumbnail sketch of various facets of the Scottish Chamber Orchestra, including some of the places that we have visited recently, excerpts from the accounts and a description of what we are doing in this our 25<sup>th</sup> year.

As a national company, we strongly believe that the Scottish Chamber Orchestra belongs to Scotland. The public sector, through the Scottish Arts Council, is our largest financial stakeholder. We therefore have a strong bond with Scotland and a strong duty to the people of Scotland to perform in all corners of the country.

The SCO is a highly flexible orchestral resource with an extremely wide repertoire. In essence, it is a classical symphony orchestra, similar in size to the orchestras for which Mozart and Beethoven wrote, and comparable with the enhanced orchestra for which Brahms and many of the modern composers wrote. It can go to all corners of Scotland and every year we do a three-week tour to the Highlands. During the winter season, we leave the central belt to perform in Aberdeen, St Andrews, Inverness and other towns such as Ayr and Dumfries.

A key part of our flexibility is that our players, although they are members of the orchestra, are freelance. That means that they get paid when they play and, when they are not playing, they do not get paid, which creates its own pressures. That flexibility means that the SCO has had to be an effective, tight, lean organisation, responding to the market and using the resources that are available. However, the SCO faces other pressures. Given the players' freelance status, there is a constant need to find work to protect players' earnings and to attract the best players from Scotland and beyond.

Through the Scottish Arts Council, we are funded for about seven or eight months of the year, during which time we do our winter season and our Highland tour. For the rest of the year, we need to be entrepreneurial and to fill the balance by selling the orchestra to festivals. This year, as in most years, we were fortunate to be asked to appear at the Edinburgh international festival. An interesting example of the orchestra's flexibility is that, this year, it gave seven programmes of music at the festival, all of them different. The players were working, rehearsing or playing every day throughout the three weeks—if the work is there, they will do it.

We also sell the orchestra overseas, and we are proud of being a musical ambassador for our country. We are heading off to Hong Kong in March and to France and Italy later in the year. There is great competition for such work, which is an essential part of our work load.

Recording is an important activity for us, as it is for our friends in the Royal Scottish National Orchestra. One way or another, we have spent about £400,000 on recordings during the past few years. We have made six opera recordings and recordings of all the Brahms symphonies, which were nominated for Grammy awards. Those recordings had to be financed through private donations—by a legacy in one case—and by royalties. However, royalties take a long time to come through.

Throughout its life, the SCO has shown its commitment to new music. We have commissioned more than 60 pieces in our short

life, most of them from Scottish composers. In the mid 1980s, we were pioneers in education and development. I well remember Roy McEwan's predecessor sitting with a white sheet of paper and persuading some of the orchestra's more senior musicians that we had to get out into the community. We involve not only the young, who get a lot of arts education attention, but older people and those who cannot easily access the arts or who have certain disadvantages in life. That thread of access and excellence runs through all our work—education and access are not just token words.

I do not want to leave the committee with the impression that the SCO, with tight, flexible management, will always get by. There is a view that all one needs to do to overcome a financial problem is to drop a concert, but that is not a satisfactory answer in the long term. If we reduce the amount of work that we do, we will lose the quality players who are essential to a quality orchestra. As in any field, it is the quality people who can move and will move, particularly when London is just on our doorstep and offers one of the largest freelance markets in the world.

Like our friends in the RSNO, we intend to keep our hands firmly on the purse strings and to run our orchestra as toughly and tightly as possible. However, running an entrepreneurial organisation with no risk capital can be a nail-biting exercise. Mr Welsh referred to accumulated deficits—ours is £150,000. That is set off on our balance sheet by a small endowment fund that, strictly speaking, should be outside the organisation's accounts, as it contains the proceeds from the sale of our office a few years ago. We now have the free use of an office, but we have earmarked that money in case we need to get ourselves another office. The figures therefore paint a slightly false picture.

The lack of risk capital is common to every orchestra in Britain, so none of us is unique in that respect. However, as James Miller and I know, running any kind of business on nil capital is a dangerous exercise. If we want our organisations to be exciting, we must take some risks and try new things. New plans do not always work, in music or in other businesses. For example, Marks and Spencer has already announced two or three profit warnings this year—it happens to many organisations that are presumed to be the best.

Two or three years ago, in a paper to the Scottish Arts Council, I suggested that it should consider using the lottery to capitalise our national companies. Investing in the capital and goodwill of an organisation such as the RSNO or the SCO is every bit as valid as investing in bricks and mortar. Over a long period, the SAC could build up around the national companies a little flesh on which they could rely to take some risks.

I would like to resubmit my paper. When I wrote it in 1996, one of its premises was that funds would be put behind a brick wall, so to speak, in an endowment fund managed by professional fund managers. It would be interesting to know what might have happened to the money over that period. That might be one way of putting ourselves in a position in which we could put some flesh on our bones.

The SCO is a terrific, ambitious resource, in terms of the performing members and the management. I believe that, with the right support, we can deliver more to all parts of Scotland. There are more places that we would like to visit more often and, like the RSNO, we would like to develop our educational schemes, but that will take resources. We are proud to represent our country in exciting places overseas. Being Scottish in New York is good fun.

**The Convener:** Thank you very much. On behalf of the committee, I accept your offer to resubmit your 1996 paper. We would be grateful for any suggestions on how we can improve the situation, so perhaps you could forward it to us.

**Ian Welsh:** I will not repeat the question that I asked of the RSNO; I will take it as read that the business of annualising budgets causes the SCO some operational difficulty. I think that it was Simon Crookall who said that ambition costs money. Equally, I am aware that advocates of Scottish Opera and other bodies see the national companies as cultural flagships abroad. I noted with interest that the volume of money that you have taken in from overseas engagements amounts to more than £300,000, which is laudable.

Taking all that in the round, I would like to pick up on what you said about risk capital. I have some experience of trying to run a company with little or no capital, so I appreciate the difficulties that are involved. To enable the national companies to compete ambitiously, do you think that the Scottish Executive should itself take a risk and set up a risk capital partnership between the national companies and the private sector, for example?

**Donald Macdonald:** That is an innovative idea and I would like to think that you could persuade your colleagues to adopt it. I do not know that one could set up a fund that aimed to throw off a return to private sector investors—I would have to think a wee bit more about that. If one could draw on the good will of companies that support the organisations, matching private funding with lottery funding or with money from the Scottish Executive, that would be a brilliant idea.

The Government invests in a variety of Scottish industries to encourage them. I know that it is now

setting up a biotechnology fund, but I do not want to draw comparisons with that highly risky business, which has the potential to be fabulously successful. There are different kinds of pay-off in terms of local employment and there is a tremendous trickle-down effect when people come to work for the RSNO or the SCO, live here and become involved in education. Even when they stop working for us, those people are still a resource. I am obviously a fan of our industry, but I believe that it is certainly worth investing in.

10:30

**Fiona McLeod (West of Scotland) (SNP):** I would like to address the education and outreach work that you are doing. From what we have heard from the RSNO, it appears that that company is oriented towards teachers and education. Your company sounds much more community oriented. Together, your companies seem to cover the spectrum in taking music out to people and in encouraging them to develop their own abilities. The RSNO said that education was not a core function and so was not funded by the Scottish Arts Council. That makes the RSNO dependent on project funding from local authorities. Is the Scottish Chamber Orchestra in a similar situation?

**Roy McEwan (Scottish Chamber Orchestra):** The situation is similar, but not entirely the same. Education and community work with orchestras has been financially peripheral partly for historical reasons. Revenue funding has been based predominantly on performance work, whereas education and community work has been a much more recent development.

The SCO has been doing education and community work for around 15 years. We have two full-time members of staff who organise that work, which is funded from our core budget. Similarly, there is a modest budget to fund other work. We have to raise specific funds to finance the bulk of the educational and community projects that we undertake. That makes our work on this a challenge, but it has also been the basis on which, over the years, we have developed stronger relationships with local authorities in areas where they have provided project funding. In recent years, following local government reorganisation and a variety of other factors, that kind of project funding has been under threat.

**Fiona McLeod:** I would be interested to follow through this idea of core funding. Magnus Linklater has made it clear, at our meeting last week and in press reports that I have read, that he thinks that the education and outreach work of the national companies is important. If it is important, we should fund it correctly. The Scottish Executive believes in social inclusion, and if this is a way of

involving young people who would not normally have access to music, we should consider how such project work is funded.

**Roy McEwan:** I agree completely. I do not think that anyone disagrees about the importance of the work. As such project work is a much more recent manifestation of an orchestra's work, it must be pulled up the agenda and that should be reflected in the resources that are allocated to it. Both orchestras, philosophically, would say that education is as important as any other work that we do. However, the current distribution of resources does not reflect that.

**Fiona McLeod:** Both companies would obviously appreciate it if that were reflected more substantially.

**Roy McEwan:** Absolutely.

**Mr Monteith:** Your revenue account for this year shows a small drop in local authority income. Are you budgeting for this year with a continued drop in that income in mind?

**Roy McEwan:** We hope that that income will remain constant this year. As with the other national companies, our local authority revenue funding has dropped considerably. About three years ago, it was £90,000; since then, that figure has halved. There have been talks between the national companies and the Convention of Scottish Local Authorities, and we are trying to find a way in which at least to maintain that level of funding. For us all, the drop in funding has been a significant setback over the past two or three years.

**Mr Monteith:** Similarly, private sector sponsorship and donations have dropped. Obviously, that sum is not split into sponsorship and donations, but those contributions are grouped together. Can you tell me how you foresee the coming year? Does the drop in that income reflect the competition in the sponsorship market?

**Roy McEwan:** The market is highly competitive; it is also, in some ways, fickle. It is possible, over two or three years, to do rather well, but if, for any reason, a major relationship with a company stops, an orchestra can be caught cold. The drop in this year's figure reflects the end of a successful relationship that we had over four years with a company that has moved on to other things. It is not always easy to replace such a relationship.

Our constant aim is to broaden the base of sponsorship so that we are not too reliant on a limited number of companies. That will mean that any changes can be sustained. We have an increasingly active SCO trust, which is a group predominantly of businessmen who are working on our behalf to raise money. We hope that, next

year, we can at least sustain this year's income, if not increase it.

**Mr Monteith:** You are particularly well known for the fireworks event in Edinburgh. To what extent do you foresee, or use, occasions such as that—if the income from them is ring-fenced—as profit-making events? To what extent are such events your property? Are they the property of the festival, or, if you have introduced the idea, are they your events? Does the funding from the Bank of Scotland come primarily to you or is it shared with the festival? I ask that because I wonder whether a future direction might be to create more events, rather than to rely purely on the programmes—events that would compete, for example, with those at Glamis Castle.

**Roy McEwan:** The festival fireworks event is an interesting hybrid. It was started by the SCO and we still technically own it, as we manage the project. The sponsorship relationship is between the Bank of Scotland and us, but we have a contract with the Edinburgh international festival to provide the event. In a sense, it has evolved as a three-way partnership. That said, the Bank of Scotland picks up the tab for the event, which is phenomenally expensive. I am giving no secrets away in saying that the fireworks cost much more than we do. It is a great event, but it is unique.

We would like to undertake more outdoor events, which, if the technology and the weather allow, would be a possibility. The frequency of such events has increased in Scotland in recent years, and other orchestras have undertaken outdoor events at Hopetoun House and similar venues.

**Ian Welsh:** I pick up on a point that you made earlier, which Brian Monteith mentioned in the previous exchange. Local government reorganisation since 1996 has significantly affected revenues for both your companies and has presumably impacted on the range of partnership projects in local authority areas. From a local authority perspective, it would always be a reasonably easy call to cut discretionary spending rather than what is perceived as essential spending. In that context, do you feel that, if the Scottish Executive wants cultural activity to be spread to areas that are socially excluded, it should pay directly for it?

**Roy McEwan:** Simon Crookall mentioned that local government reorganisation was a major factor in the decline in local authority support. We also noticed that the outcome of the national companies implementation group process, in which the national companies were given a further central Government settlement, was perceived by local authorities as a signal that the national companies were the responsibility of central Government. Unfortunately, the extra support that

was identified for the national companies was based on an assumption of constant income from other sources, which is where we have lost ground. That raises the question—it has also arisen in discussions with COSLA—of exactly where the responsibility for the national companies lies. Does it lie only at Government level or in a partnership?

Our view is that there is no clear answer to the questions whether revenue support should be national and whether other kinds of support should be local. The Scottish Arts Council has its own views on that. However, we certainly do not want to be in the position of having no partnership with local authorities. If the partnership does not involve revenue, it must involve something else. I do not think that the national companies can do their job unless they work in partnership around the country. The local authority link is terribly important for us.

**Ian Welsh:** I accept that; I just want to establish whether there can be any solution to the problem of the budget black hole that has been created by the reorganisation of local government. Is the advancement funding process in which you are involved, Simon, an attempt to reincorporate what was formerly a local authority fund?

**Simon Crookall:** One of the challenges for the companies has been the change in local authority contributions from revenue funding to project funding. Local authority funding is available for companies such as ours. However, whereas in the past that was viewed as a contribution to a national resource, nowadays it is viewed as a project fund that requires work in return. Our method, through advancement funding, is to turn the project funding back into revenue funding to fund the core costs of the orchestra. The problem is circular. I do not think that the local authorities are not committed to the national companies. However, they want work to happen in their areas, and do not want to contribute to something that is happening only in the main cities.

**Ian Jenkins:** It must be remembered that we are talking about all the national companies. I want to ask a couple of questions that might have reverberations outside your sphere. First, I am interested in the idea of the freelance orchestra. You talked about the need to keep the programme going to give orchestra members enough work. How much would be saved if an organisation such as Scottish Opera could employ its orchestra on a freelance basis? Secondly, would either of you like a permanent home, or would you regard property as a millstone around your neck?

**Donald Macdonald:** Roy will answer the first question and I shall answer the second.

**Roy McEwan:** There is no right or wrong

answer to whether an orchestra should be on contract; it depends on what is being delivered. It is no accident that, by and large, chamber orchestras in Britain have tended to be freelance, whereas symphony orchestras—with the exception of the situation in London—have tended to be contracted. Different kinds of activities are delivered and different kinds of players are attracted. Similarly, opera orchestras tend to be salaried. I do not have an easy answer to the question whether it would be better for such an orchestra to be freelance. My initial reaction is that the present structure is the appropriate one.

**The Convener:** Mr Macdonald, do you want to answer the question on property?

**Donald Macdonald:** Yes. You have given me an opportunity to say something about halls. We are frustrated with the performing space that is available in Edinburgh and Glasgow. The Queen's Hall has been a fine hall for us to grow in, but much of our programme now needs a larger space—ideally something between the Usher Hall and the Queen's Hall—which would also increase our attraction to sponsors. In the business of putting on concerts in the 21<sup>st</sup> century, the hardware counts as much as the software. There are many competing attractions, which poses a challenge for orchestral business—we must consider putting concerts on at different times and in different forms. A modern, purpose-built space would be wonderful. The City Hall in Glasgow is a super hall. Acoustically, it is ideal. Sadly, in the eyes of the citizens of Glasgow, it is a Cinderella hall, and we find it difficult to attract sponsors for concerts there. Those factors are slightly inhibiting. I am not complaining about them; they are facts that we must live with.

**The Convener:** Mr Crookall, Mr Miller, would you like to respond to that?

**Simon Crookall:** I would like to say a word or two about freelance contracts. We are very worried that with an orchestra the size of ours—89 players—it would be very difficult to maintain our quality by offering freelance contracts this far away from London. As Roy McEwan says, it is not an accident that all the symphony orchestras outside London are run on a contract basis. One of the strengths of our way of organising things is that we employ 89 classical musicians in Scotland who contribute to the economy both by teaching and by playing in smaller groups as well. That would all be lost if we offered freelance contracts and people were flying up from London to do the gigs.

10:45

**Ian Jenkins:** I was not actually suggesting that you should do so.

**Simon Crookall:** That is a relief.

**Michael Russell:** I would like to come back to the matter of money. The Scottish Chamber Orchestra has provided the committee with its consolidated balance sheet and consolidated revenue account. From our experience of reading other such documents, they make more pleasurable reading than most. Kenneth Macintosh referred to last week's evidence from Sandy Orr, who said that national companies always lived on the edge. You appear to have a consistent record of living on the right side of that edge, as opposed to some of the others, who live on the wrong side. I am impressed by some of the detail in your figures; but before I go into that, will you say something about the way in which you manage your annual budgeting and forecasting process?

**Roy McEwan:** The biggest variable in our accounts is, of course, the artistic activity. We budget, in considerable detail, concert by concert, and then make specific provision for things such as education, touring and so on, which may be more speculative. Our financial account reporting is quarterly to the board and monthly internally. Because of that we feel that we have a fairly tight control over the financing.

The major contrast between the SCO and the three other national companies is that our fixed costs make up a relatively small proportion of our overall budget. The downside of that is that our players are vulnerable. Our greatest source of flexibility lies in the fact that our orchestra is freelance, so if we cannot afford to do work, we do not do it. That manifests itself in weeks when members of the orchestra do not get paid. They obviously have the freedom and flexibility during those times to go off and undertake other work, and many of them do. However, many times they cannot.

**Michael Russell:** I understand that; but if one looks at the detail of your accounts, one sees that, for instance, between 1998 and 1999, you marginally reduced your administration expenses. That was presumably a conscious piece of management on your part to keep those expenses at a fixed level, and at the lowest level possible.

**Roy McEwan:** Yes.

**Michael Russell:** How do you manage it?

**Roy McEwan:** By being constantly critical of every penny we spend. We have a great incentive because the players—who have an investment in the orchestra because they are members of the company—scrutinise nothing more closely than how much we spend on administration.

**Michael Russell:** That is a key point—the whole company has an interest in keeping those costs as low as possible. In your organisation, can they influence that and take action if they are not

happy?

**Roy McEwan:** They can, yes.

**Michael Russell:** And is that a significant factor in making the company work?

**Roy McEwan:** Yes.

**Michael Russell:** The money that you receive from the Scottish Arts Council is considerable, but you are the smallest of the national companies. We have heard from Mr Crookall about not receiving satisfactory answers to requests for increased grants. You have been getting increased grants. What is the secret of your success?

**Roy McEwan:** The signals that we have had from the SAC—in particular, back in May, when we received indications and advice on funding levels for the next couple of years—are that it feels that we are a well managed company that shows enterprise and maintains high artistic standards. It was anxious to reflect that in the support that it gave us. We appreciate that.

**Michael Russell:** One of the most impressive things about your programme is that it is very wide-ranging—not just geographically, but in the core sense, artistically. You range right across the spectrum of work.

Presumably you are familiar with composer James MacMillan's arguments that Scotland today is a country that is artistically frozen. You tend to show the antithesis of that; you tend to show the country as artistically warm and vibrant. I am not asking you to praise yourselves, but do you not think that your method of operation is one that might have implications for others?

**Roy McEwan:** A chamber orchestra is often thought of as an orchestra with a narrow repertoire and a narrow range of activities, but we are nothing of the sort. We are an orchestra that can demonstrate a flexibility that allows us to cover music that spans 400 years. I give credit to my predecessor and his predecessor for the fact that the philosophy of the orchestra is very much grounded in new music and new ways of working, as much as in the natural classical repertoire that the orchestra focuses on as its core.

In the long term, our flexibility may be something that others look to.

**Michael Russell:** Mr Miller and Mr Crookall, you were essentially saying that you had had to drop that flexibility recently—you had to give up the discovery series, and you complain in your submission today that your range has narrowed. What is the difference between the SCO and the SNO?

**Simon Crookall:** Size is a very important part of that. For us, the difference between a Hollywood

film concert that we did at the weekend and a discovery concert that we did last year could be £15,000 in box office income. When that is multiplied several times, it has devastating effect on the balance sheet.

**Michael Russell:** Do you regret that you do not have the flexibility that the Scottish Chamber Orchestra has?

**Simon Crookall:** Flexibility is admirable, but, as I said earlier, I do not think that it is replicable in a symphony orchestra.

**Michael Russell:** But that means that, to some extent, Scotland is being deprived of the wider musical agenda by the constraints on you, and can receive it only in part from the chamber orchestra.

**Simon Crookall:** That is a very fair statement.

**James Miller:** This all comes back to whether the basic level of funding is correct. If one is up even a little bit, and one is down even a little bit, it all goes straight into the bottom line, or it goes into—in our case—what we can afford to perform. One has to look at the major source of funding, which is Government funding now, and ask oneself whether the national companies are getting the correct funding.

Two or three years ago, the national companies group went into this in great detail; two or three years later, it appears that at least one of them was substantially wrong. We think that, to do what Scotland requires, we require additional funding. One has to look at the basic levels of funding.

**Michael Russell:** Today in the committee we have one company, the Scottish Chamber Orchestra, that is flexible and is receiving increased Arts Council funding; and another company, the Royal Scottish National Orchestra, that needs the money more but has been consistently refused increases. I am not asking anyone to account for that, because you do not make the decisions, but I am suggesting that that seems to be a slightly strange approach from the Arts Council. Do you have any ideas on why that is?

None whatsoever?

**Donald Macdonald:** I cannot—

**The Convener:** I think that that is something we will need to explore further with the Arts Council. The committee is aware that the Arts Council is returning to give evidence—originally to discuss the national theatre, but we have indicated that we would like to hear some more general comments on issues that have arisen both last week and this week. Perhaps, Mike, you will want to pursue your question at that stage.

**Michael Russell:** It is a constant theme,

convener, and one that it is difficult to get an answer to. If the people who are most deeply involved in it do not know, we will have to pursue it with the Arts Council.

I have a final question for the Scottish Chamber Orchestra. Are you now operating an endowment reserve?

**Donald Macdonald:** I think that you may have been out of the room, Mr Russell, when I mentioned that, in the mysteries of accounts, the endowment reserve is in reality the proceeds of the sale of our previous office. So as not to lose sight of it, we have earmarked it and called it an endowment fund. However, it is not a proper, standalone, independent, endowment fund; it is netting off against the deficit. It would not be wise for us to spend that money, because we get a free office at the moment from a benefactor.

**Michael Russell:** I understand; and I apologise—I was called away on an urgent matter.

I want to pursue the issue of funding. You are operating effectively within your resources; you are gathering impressive resources from overseas recording royalties—I notice that, in the two years 1998 and 1999, your overseas income has risen substantially; and you are doing many other good things. Given all that, is there any advantage to you in thinking in terms of a merger with any other organisation in Scotland?

**Donald Macdonald:** Who do you have in mind? [*Laughter.*]

**Michael Russell:** I am not a matchmaker, so I could not tell you, but you know that there is constant speculation that, to make more of their resources, organisations will have to come together. I am not convinced by that, but there is still speculation about a merger. Mr Crookall talked about a merger that might have happened but was rejected. What are your views on that?

**Donald Macdonald:** I would like to go back a step. For my sins, I am an endangered species—I am a chairman who has been in post for a few years. I have been through four or five years of exercises involving collaborations and discussions—whether orchestras should go here, there or wherever. All sorts of things have been looked at.

One interesting thing that emerged was that the benefit of the four national companies sitting and discussing our problems together was quite powerful. We were able to persuade the minister to listen to us directly. That was important in coming to the settlement from which we all benefited just over a year ago.

During the period of the national companies working group, I think it was Coopers and Lybrand that looked into the possibility of the opera and

ballet collaborating and sharing various facilities such as scene-making and dressmaking. It also looked closely at the RSNO and us, asking whether there were any parts of our administration that we could do more effectively by sharing them. Its conclusion was that any savings would be minimal.

You are perhaps hinting that a merger should be more than that. We have two orchestras: one historic orchestra with a long tradition and a great reputation; and the new person on the block, with a different style and way of operating. I think and hope that we are mutually beneficial.

**The Convener:** I am sorry to have to draw this discussion to a conclusion. I thank you all for coming along this morning and answering our questions. You have raised a number of issues.

10:57

*Meeting suspended.*

11:05

*On resuming—*

**The Convener:** I welcome our witnesses. Representatives from the Musicians Union, Equity and the Broadcasting, Entertainment, Cinematograph and Theatre Union will make a few opening remarks before we ask questions.

I thank Mr Smith for making the effort to come; I know that he had a prior engagement and has to leave early.

**Ian Smith (Musicians Union):** I am the Scottish organiser of the Musicians Union. Simon Crookall mentioned Hadrian's wall; in 1971 I came from south of the wall to work in the north. I am still here, very happy, and my daughter cheers for anyone who plays England.

I will not say much, because our cultural strategy response—some of which I have highlighted for the benefit of committee members—covers our general approach. I remind the committee that the Musicians Union looks after all musicians, not just those employed by the national companies, although that is a major part of our remit.

Education is at the core of our work. Without access to music education, in particular to instrumental teaching, we would not have professional music companies of any size, working in any genre. Of the 32 unitary authorities, only seven do not charge for instrumental tuition. That is a serious issue, because instrumental teaching is governed by ability to pay. We should all be against that.

Our work in education involves close liaison with all 32 authorities. I will give examples of one or



two matters that cause us concern at the moment. The National Youth Orchestra of Scotland has moved from the remit of the education department to that of the SAC; we want to ensure that that remit is maintained. A good example of our co-operation with the national companies on education is that we co-fund a joint apprenticeship programme with the RSNO and the Royal Scottish Academy of Music and Drama. We pay the musicians who participate in the scheme, which gives young graduates of the RSAMD the opportunity to work with one of the national companies. For reasons that are clearly laid out in our report, local authorities cannot give enough priority to the arts.

We welcome the new deal. We helped to set up the new deal for musicians and we think that it will give realistic work opportunities. Our industry is unique, but there are very few jobs; the new deal should help musicians to access employment opportunities.

We thank the minister, Sam Galbraith, for the additional support that has been forthcoming for Scottish Opera. In particular, we are grateful for the recognition, three years ago, that the national companies required additional funding. There is a critical mass of funding for those companies, below which they cannot operate, although they must be accountable and transparent.

We have played our part. We have new, flexible contracts of employment with Scottish Opera's orchestra. Simon Crookall outlined the process that is involved in the RSNO's application for advancement funding. We are helping the RSNO with that process and identifying areas of work that it can bring in-house. Education is one of the prime areas in which the RSNO can have greater control and be flexible, without turning the orchestra into a freelance employed orchestra; that would start to ring alarm bells in our heads.

The Scottish Executive must take a much more hands-on approach with the national companies. I will not mention the SAC situation, because I am sure that members will ask questions on that. We are unhappy, concerned and cannot look to the future with any great optimism unless we can establish where the critical core mass of funding will come from and, most important, where the accountability lies. We must make progress on those issues.

As I said, access should not be governed by the ability to pay. Music and music-related activities are among the most popular pursuits of the Scottish people. Participation in music is the core of the Musicians Union's existence. We are about work opportunity, participation and access.

It is good that the public funding body finally recognises other forms of music. A major critical

study into folk and traditional music is being undertaken. Within our organisation, I am responsible for folk and traditional music, which means that I get freebies to all the festivals—that is great. It is fantastic to go to festivals throughout the country and see the roster stacked with Scottish-based artists. That is what this is all about. That is success.

Those of us who have children—of any age—know all about the influence of rock and pop music on our culture. It is as difficult for a young person to find work in pop music as it is in the classical arena.

I will not say any more; all the information is in our submission. I will be delighted to answer members' questions.

**Lorne Boswell (Equity):** I will try to be brief. My colleague, Drew McFarlane, and I are both full-time officials for Equity. Equity welcomes the opportunity to appear before the committee. We believe that Scotland should continue to support the national companies; that support should be regarded as an investment in excellence. Ideally, we would like the national companies to perform throughout Scotland regularly and act as ambassadors for Scotland abroad.

We draw the committee's attention to the lack of a national theatre. There has been institutional resistance to the idea of such a theatre for some time. We will return to that issue.

First, we will consider some of the positive arguments—educational, economic and cultural—for a national theatre. Just as "The Kist" was developed for schools to help to change attitudes to language, a long list of Scottish plays have not been given the respect that they deserve and should be treated the same way. We hope that a Scottish national theatre, with a broad international outlook, will place that neglected literary tradition in an international context.

On the economic arguments, we believe that a Scottish national theatre could help to keep some of the box office spend from our bigger theatres in Scotland, to be reinvested.

We also believe that a Scottish national theatre could have a significant international role, touring to countries such as the USA, Canada, Australia and South Africa where language and immigration already provide strong roots. At home, the economic impact on the acting community could be a significant factor in helping to keep talent in Scotland, especially as we prepare to have a national film studio. Culturally, a national theatre for Scotland would be a symbol of growing national confidence—in many ways, a cultural reflection of the Parliament.

For Equity members, the question is one of

resources. If an actor wants to work at any level, he or she must go south. Scottish-produced theatre exists on small and medium scales and seldom reaches the large scale. That makes it commercially unattractive.

Theatre is chronically under-resourced in education. A national theatre for Scotland would help to address that.

I know of nobody who wants the national theatre of Scotland to become an institution. Nobody advocates that it should have a new building. The committee has an interesting list of witnesses for next week's meeting; I know that most of them are against the idea of a national theatre, but I believe that the majority of their arguments will be motivated by self-interest. If the opportunity were offered to run a well-resourced theatre that could tour strategically throughout Scotland, any of those witnesses would take it.

A national theatre would enhance, not conflict with, national provision. The committee's inquiry is being conducted in the context of opera's problems; Equity urges the committee to return to the subject of a national theatre when the smoke has cleared. Equity has always argued for new funds for theatre and we are confident that, now we have a Parliament, we will soon have a national theatre.

In our submission, we draw the committee's attention to the low rates of pay of the dancers at Scottish Ballet. The situation is a result of the company's making sacrifices to live within its means. We ask the committee to consider the preferential treatment that one art form has been given over many others. We have many members who work outside the national companies but, in the context of this review, we urge the committee to ask why ballet dancers are paid so much less than opera singers are.

When an arts organisation acts as Scottish Opera has done, it does massive harm to the credibility of all arts organisations and the case for improved funding. Forgive me if I limit the discussion to Scottish Opera and Scottish Ballet, but those are the organisations in which we have a locus. The funding levels of those organisations should be put in perspective. The SAC was originally a sub-committee of the Arts Council of Great Britain. The funding of Scottish Opera and Scottish Ballet is based on the historically low level of funding that the Arts Council of Great Britain offered such companies. The Royal Opera and the Royal Ballet were deemed to be the national companies. Despite that, Scottish Opera and Scottish Ballet have managed to punch above their weight. Equity urges the committee to reconsider the levels of funding to the national companies and to be prepared to recommend that they be funded as centres of excellence. It goes

without saying that those companies would be expected to live within their means.

When we prepared our submission, I had not read the *Official Report* of last week's meeting. Having read it, I can say only that we were amazed that Scottish Opera's deficit was run up without anybody's being responsible for it. Our members at Scottish Opera have expressed anger that nobody has spoken to them to explain the predicament that the company has found itself in.

We are concerned about the lack of a finance director for the whole of this financial year. We are also concerned about the length of time for which the SAC knew about the state of the company's finances, the extent of its knowledge and the secrecy that has surrounded the episode.

The Theatre Royal in Glasgow is owned by Scottish Opera. We ask the committee to consider whether Scottish Opera uses it as an asset. It is under-utilised as a theatre and over-utilised as a very expensive rehearsal room. If it is not an asset to the company, its future should be considered.

We believe that the SAC's role in the stewardship of the national companies is highly questionable. We cannot understand how the SAC can say that Scottish Opera is well managed, despite a massive overspend, and then go on to undertake an independent review of the company. The SAC has offered no explanation for its different treatment of the boards of the two companies. The prudent Scottish Ballet board was sacked; that plunged the company into two years of turmoil. The SAC's behaviour towards the Scottish Opera board was unfair, whimsical and open to the charge of bullying. We believe that its role in this saga—especially its lack of success in steering the national companies—deserves the utmost scrutiny. Furthermore, with the creation of the Parliament, it is time to scrutinise all quangos' relationships with the Parliament.

Finally, and most important, Equity urges the committee to examine the affordability and accessibility of the performances of all the national companies. Equity wants the companies' work to be open to everyone in Scotland and urges the committee to examine ticket pricing. In our submission, we make a valid comparison with cinema tickets. To encourage new audiences and to ensure the widest possible audience, we believe that, in addition to existing concessions, some seats at all performances should be available for the price of a local cinema ticket.

**The Convener:** Thank you very much. I call Mr McManus.

**Paul McManus (Broadcasting, Entertainment, Cinematograph and Theatre Union):** I am Paul McManus, Scottish organiser for BECTU. As Equity said, most of our comments are in the

written submission. I am aware of the time so I will make a couple of very brief points.

It will come as no surprise that BECTU thinks that there is systematic and structural underfunding across the arts in Scotland and particularly in the national companies. We are aware that the Scottish Arts Council's funding set-up causes tensions between the national companies and the other companies it funds. The tensions have recently become more apparent because of local authority reorganisation, which has decimated the arts. That situation badly needs to be addressed. We welcome the examination of the national cultural strategy, which is not before time.

Despite saying that there is systematic and structural underfunding, we recognise the need for fiscal efficiency. The public needs to have confidence and pride in the national companies, which must operate throughout Scotland and internationally. The knock-on economic benefits from our national companies going abroad are well known—companies from abroad are attracted to investing in this country with its vibrant cultural scene. Without such a scene, such investment will not happen.

Largely because of the need for fiscal efficiency, our members decided to enter positively into merger discussions. Certain bodies had hashed and bashed various merger ideas about for years, and eventually arrived at a proposal that some of us had suggested from the beginning would be the logical place to start. However, given the various rammies and stushies going on behind the scenes, it seemed as if BECTU was the only organisation interested in progressing the merger. That came as no surprise to us, but we should pause to think about the almost 200 members of staff who were worried about their mortgages, jobs and bills. Throughout the months of negotiation, they had been up and down wondering whose jobs were going.

Two meetings before the deal was done, the chief executive of Scottish Opera was whipped away because of more behind-the-scenes stushies and rammies. Our members were told that all bets were off for the next few months while the SAC and the Scottish Executive sorted themselves out. That is no way to treat people who take pride in providing a national service.

I will also echo Equity's sentiments about the SAC. I have been amazed at some of the comments from the two orchestras about their treatment by the SAC. Nobody seems to know what the SAC's policies are, and I am amazed that the in-depth and on-going talks between the four national companies have not given those companies a clue about those policies. One minute, a company that is fiscally efficient is

sacked; the next minute, a company that runs up a huge overdraft is rewarded. That is no way to treat national companies, arts organisations and the people of Scotland, who deserve to know the Parliament's policies and to know that there is direct and efficient control over national companies. As our members are expected to deliver a high-quality service, it is only fair that the bodies that are responsible for funding national companies do the same.

Finally, I wholeheartedly endorse Lorne Boswell's comments about a national theatre. Although it is time that we had a national theatre company for Scotland—for the same reasons that we need the other national companies—there is no point in trying to fit that company into existing funding arrangements. Scotland does not need another second-rate effort at a national theatre company. If there is a genuine commitment to funding such a company, that is great, because Scotland badly needs it. Otherwise, there is no point in trying.

**The Convener:** Thank you.

I open up the discussion to questions from members of the committee. We want to explore further how witnesses feel that their relationships with the Scottish Arts Council have developed.

**Nicola Sturgeon:** We have read the written submissions from witnesses about the role of the SAC. I cannot remember which submission it was, but one in particular is scathing about the secrecy surrounding the SAC's decision-making processes. That was elaborated on today—I want to tease that out a bit more. Will the witnesses say more about how that secrecy has arisen, how they think that the problems could be solved and whether they think that there is merit in moving towards a more direct relationship between the arts companies and the Scottish Executive? In a sense, that would involve cutting out the middle man. Would that be a sensible direction in which to move?

**Michael Russell:** It is in the submission from BECTU.

**Paul McManus:** In terms of the national companies, we suggest simply that the SAC be taken out of the equation altogether. Although it is not part of the current remit, we desperately want the SAC to undergo a radical overhaul. It is sad that an examination of the cost of the SAC finds that it is one of its own biggest customers. Most of the information that we receive about what is happening in the SAC comes from a number of sources, although one board member notably provides information. The SAC seeks no active or constructive discussions with the trade unions that are involved. I find it incredible that this organisation is allowed to go on as it has.

I sat at the recent press conference for the appointment of Duncan McGhie and listened to the chair of the SAC describe how he had been monitoring the financial situation at Scottish Opera. That is a bit like Craig Brown saying that he monitors the Scotland performances. He is paid to deliver, not to monitor. It is the same with the funder: it monitored the situation, yet there is a huge deficit for which no one is taking responsibility. We suggest simply that the Parliament should be responsible for setting up a body to look after the national companies.

**Nicola Sturgeon:** Would you say that the problems that you have described so graphically are intrinsic to the structure and the funding mechanisms that are in place, or are they more as a result of current bad management at the Scottish Arts Council? Could those problems be rectified if different circumstances existed within the SAC?

**Paul McManus:** I think that the problems are intrinsic to the SAC. The companies—especially Scottish Opera and Scottish Ballet—have been denied the opportunity to run themselves. Their boards have been meaningless for the past couple of years. The SAC is in the middle, trying to deliver what the Scottish Executive—and, previously, the Scottish Office—wants. It has effectively been acting as a board of the national companies. There is no place for that—the structure is wrong. If the Government is going to fund the national companies, we should do away with the middle man; it is an unnecessary cost.

**William Sweeney (Musicians Union):** I am chair of the Scottish council of the Musicians Union and I am a professional composer.

I want to come in on the Scottish Arts Council question. Because I was a member of its music committee for about five years, I have some sympathy with the predicament in which the SAC's members find themselves, although that fund of sympathy is not inexhaustible. I was on that committee about six years ago and, in my experience, the flexibility and ability of the art form committees was eroded over a period, in favour of a centralisation of power towards the officers of the SAC and the SAC itself.

I feel that that has played some part in the national companies' feeling straitjacketed. I remain agnostic on whether the Scottish Arts Council or the Scottish Executive is the best channel for the funds, but I am convinced that the annual competition for funds is a major source of instability. Long-term thinking has to take precedence over that. There is also instability in relation to the reliance on project funding, which creates its own bureaucracy.

I just wanted to make those comments in support of my colleagues.

11:30

**Drew McFarlane (Equity):** We need a cold blast through the corridors of the Scottish Arts Council. For a number of years, it has been perceived to be an organisation that is immersed in secrecy. Many performers believe that the money given to companies is based on patronage and on a favoured-sons-and-daughters policy. That is why the organisation needs to be completely overhauled—there is a complete lack of faith in it. That is not helped by the Scottish Arts Council itself; only a few years ago it commissioned Professor Bert Moorhouse of the University of Glasgow to study how performers perceive the Arts Council. His report was damning.

Rather than have the honesty to make that report public and to try to make amends and put its house in order, the SAC doctored the report to remove all sorts of criticism of the organisation. The perception, therefore, is that the Scottish Arts Council is a quango that runs uncontrolled and is a puppet master.

The Arts Council's forcing of the previous board of Scottish Ballet to resign has been well explained—although the SAC would never come out and admit that it sacked the board. At the same time, the Arts Council allowed another board to carry on without any major criticism of its financial mismanagement, which cost about £3.5 million.

If we consider how theatre companies struggle, what the Arts Council gets away with is unbelievable. There is very little sympathy among other arts companies for the predicament that Scottish Opera has got itself into, because of the nature of its funding and the fact that other companies are not favoured and do not have the same political clout as Scottish Opera. The Scottish Arts Council needs to be overhauled.

That leads to the question whether the arts would be better served by national organisations such as Scottish Opera being directly funded by the Scottish Executive, in the same way as equivalent organisations down south. The jury is still out on that question, and it must carefully considered.

There is an argument for having a body at arm's-length from the companies. However, if that body is out of control, if it is not subject to stringent monitoring and if it fails to monitor actively a company to which it gives grants, we must ask whether the current formation and set-up of the body best serves the purpose and whether there should be another organisation in its place.

The conclusion might be that national companies should be directly resourced. However, if that is the case, we would argue that the funding should not be taken from the overall pot that the

Scottish Arts Council receives, and that the other arts organisations should not be left to flounder.

It is hard to get a budget out of the Scottish Arts Council. There is very little financial detail in its annual report. Having read a nice glossy brochure, the public needs to go back to ask for the budget, about which the report says nothing.

An examination of the financial side of the Scottish Arts Council shows that the SAC itself is the third biggest client, so it is in the SAC's interests to remain secretive and ensure that no one is looking at it too closely. The council is running away with a lot of money itself, and a lot of artists are suffering. I do not need to tell you the statistics on how many out-of-work actors, dancers and other performers there are in Scotland. The Scottish Arts Council needs serious examination, but the jury is still out on whether national companies should be directly funded.

**Mr Monteith:** Equity makes an interesting point, in paragraph 6 of its submission, on the financial management of Scottish Opera. It states that

"Equity has three main concerns."

The first of those is

"that the last finance director was asked to leave in February 1999 and that her job has not been filled since."

From the papers that we received last week, it was clear that the cash flow management went completely out of control in April. I believe that the finance director left in March. However, it seemed that the finance director had left of her own free will. At no point was it suggested that she had been asked to leave. Can you enlighten us further on the circumstances behind her departure?

**Lorne Boswell:** I understand that it was made clear to the finance director that she would not be employed by the merged company. There is a sensitivity about people leaving jobs in such situations. I do not know whether that came into play in her case.

**Mr Monteith:** Of course, I understand that.

**Lorne Boswell:** I understood that her career with Scottish Opera had come to an end.

**Mr Monteith:** Right. Given what you said about the Scottish Arts Council's involvement, can you tell me, without going into embarrassing details, whether that view was taken by the board of Scottish Opera? Or was it suggested to the board and acted upon by the Scottish Arts Council?

**Lorne Boswell:** I could not answer that. We are a long way down from decisions such as that.

**Mr Monteith:** Okay.

**Michael Russell:** I am impressed by the remark in one of the union submissions that the largest

subsidy to the national companies is the subsidy that comes from your members in wages and working conditions.

The Equity submission states that

"Since nobody from the management of the company has, to this date, spoken to them"—

your members in Scottish Opera—

"about the company's position they were concerned to read that they had been within 48 hours of losing their jobs."

Does that apply across the board? Has Scottish Opera or the Scottish Arts Council had no discussions with those who work in the companies or with the trade unions?

**Ian Smith:** Not a word.

**Michael Russell:** What about the other unions?

**Lorne Boswell:** It was a complete bombshell for people to discover that they were within 48 hours of losing their jobs.

**Paul McManus:** The situation was somewhat different for us. We were involved in weekly discussions about the merger and it is no secret that our senior steward is one of the finance officers. The comments about 48 hours were not of concern to us. We have been communicating management's views to our members.

**Michael Russell:** But there has been no formal discussion with the staff about the situation?

**Ian Smith:** We knew that the situation was serious. I met the acting chief executive—I think it was on his 13<sup>th</sup> day in office—

**Michael Russell:** Lucky for some.

**Ian Smith:** You may say so. On that 13<sup>th</sup> day, he said, "I think we're a million pounds out." He had not been involved with the company before. It says a lot about the administrative competence and financial accountability of the major recipient of over £6 million of public funding that the acting chief executive, who had been brought in to guide the company through the administrative merger, knew in his second week that the slot machine was already rolling.

**Michael Russell:** In the papers submitted by the three unions, it seems unanimous that you all support the merger. Why do you support the merger so strongly when a large number of question marks remain? One question mark is over the financial operation and competence of Scottish Opera; a second relates to the mismatch between Scottish Opera and Scottish Ballet, especially in wages and conditions, without—as far as we can gather from the evidence that we heard last week—any clear indication that the boards intend to address the mismatch in a meaningful fashion; and a third relates to the strong emerging evidence, of which this committee

will hear more, of a growing disquiet within the two companies about allowing the merger to proceed. Why do the unions remain firmly committed to the merger?

**Lorne Boswell:** The problems with the national companies have been there for some time. I suspect that they go back to the early 1990s. Our members at Scottish Opera have been threatened with being forced to go part time; our members at Scottish Ballet have been threatened, in the turmoil, with not having a job. We have taken the line that, to ensure political support for the companies, which is essential for their continuation, a merger may be the necessary price to be paid.

**Michael Russell:** That is a slight equivocation. It does not seem to me that you are persuaded either artistically or financially. You are persuaded politically.

**Lorne Boswell:** The survival of the companies is an act of political will. That is the reality.

**Michael Russell:** You have used the words "pressure" and "force". A lot of the evidence that we have had in writing, and other evidence that some of us have received individually, suggests that, within Scottish Opera and Scottish Ballet, there is a culture of pressure. There is pressure from the Scottish Arts Council, and, perhaps through the council, pressure from management who may be themselves pressured, to force this issue. Do your members feel that?

**Lorne Boswell:** The concern of our members at Scottish Ballet, bearing in mind that there are 34 classically trained dancers there, was that what the SAC was trying to do a few years ago was to force them into becoming a contemporary company. Some may think that a dancer is a dancer, but a classically trained dancer is a completely different beast from a contemporary dancer. We may have found ourselves in a situation where the skills of the dancers were of no further use to the company. That is part of the cloud of uncertainty that has been hanging over the employees of those two national companies for a considerable period.

We hoped that a merger would bring a re-evaluation of the funding levels and a secure administration because, in our opinion, the administration at the ballet has not been of a high standard, although it has lived within its means. Together, those would give security of employment for our members working in both companies.

**Ian Smith:** It might be helpful to consider for a few moments the background to why we have reached this decision. In 1992, the then director of the Scottish Arts Council announced that a merger would take place between the orchestra of

Scottish Opera and the BBC Scottish Symphony Orchestra. No consultation was undertaken with the representative unions, and none whatever with the employees of both organisations. When the obvious question was asked, the answer was, "Oh, well, they might object." You can sure as hell bet they objected. That proposed merger is now in the history books.

It came around again when Lord Lindsay was responsible for the brief at the Scottish Office. He decided that the best way to secure funding for the ballet and opera companies was to forget the BBC orchestra option and to consider merging the orchestras of the two companies. There are precedents for that kind of thing—at the Royal Opera House in Covent Garden, for example.

Both companies are essentially theatre-based, one providing a programme of opera and the other a programme of ballet. Many of their delivery functions are shared. When it was put to us that the best way forward would be to merge the orchestras, frankly we did our damndest to find ways of doing so. We may not have been terribly popular with all our members, but we went willingly into that exercise. At that point, we said that we would provide one orchestra for the two companies if it could be proved to us, during the course of the consultation, that all other areas of activity that were common to both companies could produce equal savings and equal areas of collaboration.

We approve of the concept of the two companies working closely together. Of course, we are desperately concerned—and this jumps out from all our submissions—that management should be competent. We are also concerned about financial accountability, and about the financial relationship of both companies with the SAC and, potentially, directly with the Scottish Executive, as has been outlined by my colleague from Equity.

That gives a slightly clearer picture of why we are reaching those conclusions. An administrative merger of the companies is a pragmatic and achievable objective, provided that all the other mechanisms, not least competent management and accountability, are in place. That is where we are coming from.

**Michael Russell:** But the evidence seems to suggest that you are not getting that at the moment.

**Ian Smith:** No, that is not yet in place.

**Paul McManus:** I would echo some of Ian's sentiments. Our members decided to go into the merger on the basis that it would be the catalyst for change in other areas of all the national companies. There is much close collaboration. To put it bluntly, one could argue that one person

could administer the wages for four companies as easily as four people could.

11:45

We had several meetings with the national group and one thing that was clear to our members in both Scottish Opera and Scottish Ballet was that the current arrangements were not working. Every year there would be a fight with the SAC, the Scottish Office would get involved and there would be tremendous uncertainty about jobs and so on. Our members told us that they wanted a better way of doing things. We told the national group at that time that we wanted to consider how it was done in other countries. There are several European models for joint opera-ballet companies that work very successfully.

We are close to completing the merger. We have had positive discussions with both Ruth Mackenzie and Adrian Trickey about what is best for the companies. One of the main concerns has been that Scottish Opera is substantially larger than Scottish Ballet. In my experience of mergers, members of the smaller organisation feel very threatened. It will be some time before the organisations consider that the merger is benefiting them equally.

**Michael Russell:** The case that all the unions have made for the national theatre is taken as read. We will explore that next week. There is a good point about structural underfunding and the Theatre Royal, which must be addressed.

I have one final question. Nobody can avoid the fact that £2.1 million was necessary to save people's jobs and to allow Scottish Opera to continue. However, that was the 11<sup>th</sup> piece of special deficit funding in 32 years. As organisations that are deeply involved in the arts in Scotland, do you accept that unless there is a radical change in the financial management of Scottish Opera, and a radical reconsideration of the way in which national companies are funded, not only can we not establish a national theatre, but the whole question of public subsidy of the arts, which we all support, is thrown into public disrepute? That is damaging for your members. What steps are you taking to address that?

**Paul McManus:** I go back to my earlier point: there needs to be a public debate through the Scottish Parliament, which sets out what is expected from the national companies. The national companies could then tell us what that would cost. Once the Executive has decided how much it is prepared to give, it will know what it is paying for and everyone can work within that. At the moment, that is not the case. We have the Scottish Arts Council saying one thing and paying for another, paying for one thing and saying

something else. They cannot keep asking Scottish Opera to provide international class opera, as they are doing, and then expect them to deliver it on a shoestring. You have heard the other companies saying that they have had to cut back their programmes.

**Michael Russell:** Would you accept that that difficulty is bringing the public funding of the arts into disrepute?

**Paul McManus:** Absolutely.

**Lorne Boswell:** I want to reinforce Paul McManus's remarks. The problem is the policy vacuum within which the Scottish Arts Council works. What is its policy? Why do we fund national companies and what do we expect of them? Those questions are crucial. The current administration was elected on a manifesto that included education and social inclusion. Had Scottish Opera overspent on its education work to the tune of £3 million, I think we would all be celebrating. I am not sure where it overspent, to be honest. We must have absolute clarity as to why we fund national companies and what we want them to achieve.

**Drew McFarlane:** Public subsidy of the arts is brought into public disrepute and other arts organisations see that, every time Scottish Opera has a financial crisis, out from behind the SAC comes a helping hand—what is ostensibly an arm's-length body is no longer that. For other organisations, that beggars belief, as that opportunity never comes their way.

**William Sweeney:** I speak with feeling, having chaired many meetings of musicians whose livelihood has been threatened by a financial bolt from the blue or some reorganisation scheme that affects them but on which they have not been consulted. The management issue is vital. The main funders must be able to go in at any time and at any level of the organisation—from board level to the level of how many pots of paint are being used for the scenery—to check the financial situation. Everyone who works in the national companies would welcome that.

I stress that what underlies the crises is the fact that the companies are funded only to survive. They are funded to the point of inefficiency. The national companies have the potential, particularly in their outreach work, to make critical interventions in the quality and standards of education in Scotland, but they are not funded to do so.

**Michael Russell:** Would you support the idea that those who work in the company are members of it and have rights and responsibilities to be involved? The model is that of the Scottish Chamber Orchestra and others. It is a very European model—I would call it a stakeholder

model but I do not want not to use that word. Would that be workable?

**Ian Smith:** That is a key point. The RSNO has five player-directors, who are democratically elected by their colleagues. The SCO runs on the principle of the London orchestras—with the exception of the BBC Symphony Orchestra—with player-directors who determine management rather than the other way round. That approach sometimes has problems, too, but player-directors have hands-on knowledge and see all the figures—nothing is hidden from them and their livelihood is at stake if they make mistakes. For many years, Scottish Opera has, despite many requests from the Federation of Entertainment Unions, avoided having employee representatives on the board. To include employees on the board is part of accountability and is not to be feared. Our members are responsible and their livelihoods are at stake. The approach means involvement and a commitment by the work force.

Eighty-nine per cent of the SAC budget for the national companies goes to four companies. The key to the SCO's flexibility is the musicians' self-employed status. Like all the others, the SCO gets a share of the budget. Money for folk, rock and jazz comes from the remaining 11 per cent. The answer may be for the national companies to have a directly governable role within the remit of the Executive, so that checks and measures—the kind of hands-on accountability and financial management that Bill Sweeney has described—can be put into place. That should be seriously considered.

**The Convener:** That is something that we wanted to pursue.

**Cathy Peattie:** I agree with Ian Smith about the importance of the national companies. However, it sticks in my craw that I cannot ask questions about popular music or folk and traditional music, which engage more people than opera does—more people go to folk music performances than go to the opera. Perhaps we can consider those issues on another occasion, convener, because they are also an important part of the cultural strategy for Scotland.

**Michael Russell:** Many of us support that view, particularly with regard to traditional arts. Traditional artists are raising a lot of questions about the paucity of resources, and that is a matter that we must address.

**The Convener:** Cathy, do you have a question?

**Cathy Peattie:** Yes, but I wanted to make that point first.

I am interested in the idea of a national theatre and would like to ask Lorne Boswell a couple of questions. What do you think the effect of a

national theatre would be on other Scottish theatres?

**Lorne Boswell:** The biggest concern is that it would lead to theatres competing for audiences, but we do not believe that that would happen. There is a blinkered mentality among producing theatres in Scotland, all of which exist on a small or medium scale. The Citizens' Theatre in Glasgow, for example, is a medium-scale theatre, with an audience capacity of between 450 and 600. People tend to forget that the Citz is always head to head with the Theatre Royal and the King's in Glasgow. We hope that a national theatre would operate differently.

The spread of theatre companies throughout Scotland has been mentioned. Coverage is patchy. There is no regular producing theatre in Aberdeen or in Inverness. We hope that a national theatre would co-ordinate activity throughout Scotland. Under the current structures of funding for repertory theatre, if, for example, the Citizens' Theatre produced a resounding success in the autumn of one year, that production would just be chopped up and thrown away. A national theatre might recognise that an investment had come to fruition and take that production to Aberdeen, Inverness, Wick or beyond, depending on its means. The role of a national theatre should be complementary; it should operate over and above existing theatres rather than compete with them.

**Cathy Peattie:** I like the idea that it should be complementary. Do you think that the national theatre would have a role in wider community arts and education projects?

**Lorne Boswell:** In our submission, we have stated our strong belief that any national theatre should be heavily resourced to provide a service to Scotland's schools. We said that we hoped that it would reach every school in Scotland in the first three years of its existence. That is an ambitious target, but it indicates the importance that we attach to education work.

The theatrical community has not been resourced to provide enough activity in schools in Scotland. Tracing the history back, we can see that it was the Stodart reforms in local government that, with one or two notable exceptions, killed off theatre education in Scotland. It is now time to rebuild that. We hope that a national theatre would have a major role in that work.

**Mr Monteith:** Over the past few years, the number of co-productions between theatre companies—notably between the Royal Lyceum Theatre Company and Dundee Repertory Theatre—has increased. Repertory companies have also been trying to squeeze more value out of their productions by taking them to other theatres. For example, productions by the Tron



have transferred from Glasgow to Edinburgh. Do you feel that such moves are an attempt to find co-production funds or to promote local theatres—or is it a bit of both?

**Lorne Boswell:** The primary reason for co-production is the lack of resources for initial productions. I think that you are referring to the Tron-Lyceum production. A few years ago, those theatres would have produced separately. However, as a result of declining budgets, they have decided that they can produce only together, on a shared budget.

I mentioned revivals. The theatrical process is a massive investment, but it is speculative. A production can have the best writers, cast and director, but can still be a turkey for reasons that neither I nor they could explain. However, when a production is a hit—and that cannot be guaranteed, as it emerges from a whole set of circumstances—no further use is made of it. That is something that should be addressed; building on that would be a much more positive development than co-production, as there is still an element of uncertainty in co-production, with two theatres rather than one banking on the success of the production.

**Mr Monteith:** I am happy with that answer.

12:00

**Mr Macintosh:** I have a couple of questions on that issue, but I shall first return to the structure of the national companies. You have all pointed out, very eloquently, what you perceive to be the failings of the SAC and the fact that it is not acting in a proper arm's-length way, even if that were a good idea. If the SAC were not involved at all, would you have complete confidence in the way in which the national companies are structured and run?

Last week, when representatives of the SAC and Scottish Opera appeared before the committee, nobody was prepared to take responsibility. Ruth Mackenzie accepted that ultimate responsibility might rest with her, but there was a general washing of hands. Nobody said, "It is my fault." Nobody said, "It is my job to look after this money and ensure that it is used efficiently." I am worried that, if the SAC were not there, the independent national companies would still shirk the responsibility and fail to address the problem of delivering quality within their means.

**Drew McFarlane:** That is the issue. That is why I said that the jury is still out on whether national companies should be funded directly or through an arm's-length body. I stress that there should be an arm's-length body, although it need not be the SAC. The bottom line for us all—particularly for us as trade unions and for you as members of the

Scottish Parliament—is that we have an obligation to ensure that public money is well spent. The organisations that are in receipt of public funding also have that duty, so their internal management structure should be able to establish when there is a blip in a budget and do something about it.

More important, there should be stringent monitoring facilities—whether through an arm's-length body or an arm of the Scottish Executive, in whatever form. The newspaper headlines tell us that Scottish Opera is running up a deficit to the tune of £3.5 million. People do not pick up their papers expecting to find what is perceived by many as toffs' culture being pulled back from the brink at everyone else's expense. That cannot be justified. Finances must be stringently monitored and the companies have a duty to monitor their own books.

**Mr Macintosh:** I am asking whether that is done at the moment.

**Drew McFarlane:** Obviously, it is not.

**The Convener:** You said that you had two questions.

**Mr Macintosh:** Yes.

**The Convener:** I am aware of the time. We have only about seven minutes left. Please try to be brief.

**Mr Macintosh:** My second question is along the same lines. I feel strongly that it would be of benefit if we could keep the four national companies separate, particularly in relation to what Ian Smith was saying. There is a huge area of folk and traditional music outwith the national companies, which waits for the national companies to carve up the budget and throw it a few crumbs. You are suggesting that a reformed SAC's job would be to look after that part of the cake, and that somebody else should look after the four national companies. Is that correct?

**Paul McManus:** Essentially, that is what we are suggesting. As Ian Smith said, there is a broad spectrum of traditional and all sorts of other arts that are being stifled as a result of the problems of the national companies. Because of the difference in scale, the national companies should be hived off.

It is important to clarify that the SAC has prevented the national companies, particularly Scottish Opera and Scottish Ballet, from managing their funding. That means that no one will take the blame, as you have pointed out. It is significant that the people who are most critical of the SAC are those who do not hope to get funding. That point was reinforced in the answers to some of the questions that members asked today.

Scottish Opera says that it was not allowed to

manage the situation. It says that the SAC knew that it would run up a deficit, so why should it take the blame? Besides which, Scottish Opera wants more money. The SAC says that it will not take the blame for anything because it does not want a hard time from the politicians. The deficit was no surprise to the SAC, Scottish Opera or anyone in the industry. An element of the deficit was due to annualisation, as has been discussed, but the lack of management of the situation was a large part of the problem.

**William Sweeney:** I understand how the separation of core funding in the national companies works. Art form committees tend to work by being asked to rate their priorities in numerical order, say from one to 31. The top priorities, therefore, are Scottish Opera, the Royal Scottish National Orchestra and so on. When the SAC allocates central funding, it can afford to fund only priorities one to 25, so numbers 26 to 31 do not receive funding. I can see how that happens, but, artistically, I am wary of separating the national companies from folk and traditional culture and from jazz and popular music. The national companies cannot remain frozen in a classical repertoire or in the modern concert classical repertoire. The creative energy to progress lies in the cross-fertilisation of the different forms of art and music. We must not put in place a structure that would encourage further divisions and lead to less cross-fertilisation.

**The Convener:** Thank you. We have time for two quick questions.

**Ian Welsh:** Is it the simple fact that baseline funding is inadequate to fulfil the vision that has been set for the national companies?

**William Sweeney:** Yes.

**Lorne Boswell:** I would have to agree with that.

**The Convener:** That is the quickest question that I have ever heard Ian Welsh ask.

**Ian Jenkins:** How manageable is Scottish Opera, given that it spends £5½ million before it has even done any performing, leaving only a wee bit to get a director and do the artistic side after wages and property costs have been met? Is there some way in which artistic integrity can be kept without spending that huge block of money before things even get going? The idea that performances cost so much money that the company cannot undertake them is horrific, but things are getting to that stage.

**William Sweeney:** Things are getting to that stage. I was brought up at school to believe that "Catch 22" was a novel, but I have recently discovered that it is a documentary. This is an example of that. A company can survive as an opera company only by not doing operas. Scottish

Opera is an inherently huge and unmanageable operation. I was once involved with an opera production by a small company. The company nearly went under owing to a technical problem outwith anyone's control—an interruption to the electronic supply because the costs incurred were so expensive in relation to the company's other activities. I can understand people baulking at the figures involved in putting on performances, but it takes a lot of money to do things properly, even if productions are imaginative, using minimalist sets and decor.

The operatic and musical worlds are full of stories of directors adding several hundred thousand pounds to performance costs because they insist on using leather instead of PVC. The stories exist, but that group is inherently difficult to manage. Nevertheless, many countries comparable to Scotland across Europe and the world seem to manage.

**The Convener:** Mr McManus, do you want to add to that?

**Paul McManus:** No, I think that it has all been said.

**The Convener:** I thank the witnesses both for their written presentations and for their answers to our questions, which were appreciated. As they know, we will have further deliberations next week and, eventually, we will come to some conclusions about the evidence that we have heard over the past few weeks. I thank them again for their attendance.

As the committee meeting will continue, will those people who are leaving please do so quietly?

## Special Educational Needs

**The Convener:** The next item is the committee's inquiry into special educational needs, a paper on which has been circulated. Do members have any comments or questions? Are we agreed that the paper's recommendations are the way forward and that the time scale is in order?

**Mr Monteith:** My understanding is that we introduced the item primarily because of the consideration of the Riddell report. We should clarify exactly the report's implications for education providers. I understand that they are expected to make changes by March 2000, although our inquiry report will not come out until late June 2000, which might be after they have had to implement budgetary changes.

I have already received representations from a number of institutions saying that they do not think that there is adequate time to discuss the Riddell

report. They would prefer it if the changes that they will have to implement were put off for a year, so that bodies such as this committee could examine the report's implications. We need to ascertain exactly what the Executive's planned changes are.

**Gillian Baxendine (Committee Clerk):** My understanding is that the consultation exercise on the Riddell report closes at the end of this month. Therefore, the Executive should be clearer about the report's possibilities at the end of that period. We felt that the time scale indicated in the paper was realistic, given the committee's other work.

**The Convener:** Brian, are you suggesting that we make representations to the Executive to postpone its decisions on the Riddell report?

**Mr Monteith:** My concern is that we might miss the boat—what we produce might be redundant because the Government will have acted already. I appreciate that its period of consultation is closing, but, as a committee, we need to give the issue proper time. It might be in order to contact the Executive to ask it to be clear about when it wishes to make changes and to ask it whether it can take into account the fact that we will not put forward a view until June.

**The Convener:** Okay. I share that concern as well. We are not sure who will take a lead on the Riddell report, once the consultation exercise has finished. Can we make some inquiries this week and come back to the committee next week with more definite guidance?

**Michael Russell:** The Minister for Parliament should be asked what the Government's intentions are. We should hear his views at our next meeting, so that we can formulate a time scale.

**The Convener:** Do members want to add to what the paper says about the inquiry's remit or evidence sessions?

**Mr Monteith:** Are you asking us to identify today the bodies from which we should seek evidence?

**The Convener:** It would be useful if you could give names to the clerk, but not necessarily right now.

**Mr Monteith:** In the second paragraph of section 3, the paper refers to "main voluntary sector bodies". I presume that we are talking about the grant-aided schools that deliver a great deal of special educational needs provision.

**The Convener:** Yes, I would assume so.

**Mr Monteith:** Schools such as the blind school, the deaf school and so on should be brought into the inquiry.

## Reporters' Remits

**The Convener:** The next item on the agenda deals with reporters' remits. Each of the members who are conducting special inquiries has met Gillian Baxendine to discuss remits and support. Fiona McLeod left me a message to say that she was concerned about the support that was available from the Scottish Parliament information centre and in the form of allowances. I will let Gillian say a few words about that.

12:15

**Gillian Baxendine:** The reporters' work is part of the committee's work and will, therefore, be resourced as far as possible. The clerks would want and expect to be closely involved with the reporters and to assist as much as they can both in advising on the work and in writing up any reports that are submitted to the committee. Similarly, SPICe will offer additional support to the extent that its resources allow. If it cannot do the research itself, it will suggest others who can. It would be helpful if any requests to SPICe were channelled through the clerks, so that we can weigh them up against the other work that the committee is doing. We are happy to facilitate that discussion.

The reporters' work is work for the committee, so it is covered by the usual rules for funding of committee work. If reporters are planning travel or other expenses, those will need to be cleared through the conveners group, in the same way as other committee expenses. I am happy to discuss that with any of the reporters and with the convener.

**The Convener:** Gillian said that it would be useful if requests for support for research and assistance from SPICe were channelled through her. However, I am aware that SPICe will be particularly concerned with issues arising from the bill. If there are any difficulties, they should be relayed to me, because we are trying to make representations, through the conveners committee, to ensure that there is adequate support for committees. As has been said, the work of reporters is part of the committee's work.

We are relatively certain that finance will be available for this year, because we are starting so late, but we will need to keep an eye on that for the future.

**Michael Russell:** I understand that very little money from the budget for reporters and inquiries has been spent, and that it has to be spent by the end of next March. Yesterday I discussed this subject with a couple of people, and the inquiries on which we have agreed would seem to be ideal candidates for resources for facilitators and other

forms of support. If members would like further information, as I would, I will endeavour to provide Gillian and the committee with it.

It appears that three of our inquiries will report in March, which is a heavy work load. I would not be unhappy if mine were allowed to run on into April. That would help to kill two birds with one stone.

**The Convener:** That is very obliging of you. Thank you.

**Michael Russell:** I am a very helpful person.

**Mr Monteith:** I have a small point. It would be useful if reporters were given some advice on the tax implications of the allowances that they might receive. Members of the press have already asked me about the tax implications of some other allowances. Members would benefit from advice, especially if Mike intends to go to Cannes and Los Angeles because there is such a large budget for reporting.

**The Convener:** I do not think that we suggested that.

**Michael Russell:** I was thinking of one or the other.

**The Convener:** Seriously, if there are tax implications, we need to be aware of them. I do not know whether Gillian has any information on that subject.

**Gillian Baxendine:** The allowances office would advise on that. I do not presume to get involved in such things.

**The Convener:** If anybody needs advice or help on that, Gillian or I will contact the allowances office on their behalf.

I believe that Gillian has an update on the rugby.

**Gillian Baxendine:** That is not on today's agenda.

**The Convener:** We do not have an update on that just now.

At a previous meeting, we discussed the invitation from the European Forum for Teachers of Religious Education. I would be grateful if some members volunteered to meet the forum.

**Nicola Sturgeon:** What I have to say might be more appropriate for next week's agenda. It relates to the letter that has just been copied to us from the Scottish Executive education department. I was surprised that it was circulated in that way.

We have just had a wide-ranging consultation on the education bill and on proposals to reform the General Teaching Council for Scotland. We are waiting for them to be brought together by the Executive in a revised bill. The minister said that he intended to remove the statutory basis of the

Scottish Joint Negotiating Committee for Teaching Staff in School Education, but he did not say when he would do that, and there has been no public consultation on it.

Now a letter from a Scottish Executive official has been sent to nine organisations, giving them less than two weeks to respond. The letter says that the proposal to abolish the SJNC will be included in the education bill. That is not satisfactory public consultation. Given our discussions about the importance of consultation, I propose that we strongly make our views on that known to the Executive.

**The Convener:** I have not had time to look at the matter yet. I will add it to next week's agenda.

**Nicola Sturgeon:** We need to discuss the process and lack of consultation rather than the substance.

**Ian Jenkins:** When will we have the chance to chinwag about the investigation into the national companies before we produce a report? What is the mechanism for deciding what the report will say? How will that impinge on meetings?

**Gillian Baxendine:** It was suggested in our brief discussion at the beginning of this meeting that we should talk about how that will be handled next week. That will be helpful.

**The Convener:** You will be aware that we asked for submissions. In light of what Nicola Sturgeon has just said, we have to give people reasonable time in which to respond. That means that we could get written submissions up until next week.

**Ian Jenkins:** I am just talking about the members having a chinwag. It worries me sometimes that everything is terribly formal and it is difficult to throw ideas around.

**Michael Russell:** We should have a discussion of at least half an hour to three quarters of an hour—I suspect, in private, having given notice—to lay out the main lines of conclusion. Then we will have to see a first, and perhaps a second, draft of those conclusions, some of which are becoming painfully obvious.

**Mr Monteith:** As I have already said privately to the convener, it strikes me that a number of organisations, although they are not considered national companies, could offer us some insight into how things might work. For instance, it might be useful to compare the operation and funding of the national companies with that of the National Youth Orchestra for Scotland and the BBC Scottish Symphony Orchestra, particularly in light of the comment about a possible merger a long time ago.

I am also concerned that, although we are keen to talk about the encouraging work that is being

done in education, that might be seen as another source of a budget to make up for a lack in budgets elsewhere. If we are to encourage national companies to undertake more educational work, we need to think about the implications for organisations that already undertake a great deal of educational work, such as the National Youth Orchestra and various theatre workshop companies. Although we might not have time to hear from all those organisations, we could at least ask for written submissions from some of them about their roles and how they operate, so that we can take account of it in our deliberations.

**The Convener:** We will need to continue discussion on that. Fiona McLeod mentioned the Scottish Youth Theatre; we can take into account the National Youth Orchestra as well. They might have already put in written submissions.

**Michael Russell:** Whether they have or not, we will have to draw some conclusions about the operation of these companies and about how they should operate in future. We should not become too diffuse on the matter.

**The Convener:** This has been a discussion on the operation of the national companies. A number of strands have come out clearly, on which the committee will wish to take a position. The committee will want to spend some time talking through that, so that there is a definite outcome from the inquiry and it is not left in limbo.

Can we agree to meet in private at 9.15 am next Wednesday?

**Members** *indicated agreement.*

*Meeting closed at 12:24.*



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